China Oriented International Holdings Limited
向中國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1871)

ANNOUNCEMENT ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

RESULTS

The Board is pleased to announces the audited consolidated results of the Group for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022 which were extracted from the audited consolidated financial statements of the Group as set out in the Company's 2022 annual report. 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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** **RMB'000**	2022 *RMB'000*
Revenue	*4*	**39,884**	47,734
Cost of services rendered		**(31,324)**	(36,433)
Gross profit		**8,560**	11,301
Other income and losses, net	*6*	**1,430**	1,602
Selling and marketing expenses		**(1,620)**	(3,431)
Administrative expenses		**(13,896)**	(15,130)
Finance costs	*7*	**(4,230)**	(4,588)
Loss before income tax	*8*	**(9,756)**	(10,246)
Income tax credit	*9*	**1,313**	1,579
Loss and total comprehensive loss for the year attributable to the owners of the Company		**(8,443)**	(8,667)
Loss per share attributable to the owners of the Company	*11*		
– Basic and diluted (RMB cents)		**(2.11)**	(2.17)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	**2023** **RMB'000**	2022 *RMB'000*
Non-current assets			
Property, plant and equipment	*12*	**83,072**	72,735
Right-of-use assets	*13*	**45,159**	46,938
Deposits paid for construction in progress	*14*	**–**	1,739
Prepayment paid for property, plant and equipment	*14*	**360**	720
		128,591	122,132
Current assets			
Trade and other receivables, deposits and prepayments	*14*	**7,402**	770
Bank balances and cash		**152,359**	182,326
		159,761	183,096
Current liabilities			
Trade and other payables and accruals	*15*	**15,374**	17,426
Contract liabilities		**17,862**	23,257
Tax liabilities		**3,033**	1,432
Lease liabilities	*16*	**1,158**	1,130
Borrowings		**45,230**	55,230
		82,657	98,475
Net current assets		**77,104**	84,621
Total assets less current liabilities		**205,695**	206,753
Non-current liabilities			
Lease liabilities	*16*	**2,317**	2,619
Borrowings		**9,000**	–
Deferred tax liabilities	*17*	**4,809**	6,122
		16,126	8,741
Net assets		**189,569**	198,012
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**3,608**	3,608
Reserves		**185,961**	194,404
Total equity		**189,569**	198,012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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, 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 Company and its subsidiaries are collectively referred to as the "Group".

The consolidated financial statements are presented in Renminbi, which is the currency of the primary economic environment of all the group entities operate (the functional currency of the 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 of Hong Kong Limited (the "Stock Exchange").

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis at the end of the reporting year, 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.

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Application of amendments to HKFRSs effective from 1 January 2023

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA, which are relevant and mandatorily effective for the period beginning on 1 January 2023 for the preparation of the Group's consolidated financial statement:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts and related amendments
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International tax reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except for the below, the application of the above new or amendments to HKFRSs has had no material impact on the Group's financial performance and position for the current and prior years and/or the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;

(ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in this Note 2 to the consolidated financial statements. In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the IFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

(b) New and amendments to HKFRS 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
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 7	Supplier finance arrangements	1 January 2024
Amendments to IAS 21	Lack of exchangeability	1 January 2025
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

The Directors are in the progress of assessing the impact to the Group's consolidated financial performance and position when it adopts these new and amendments to HKFRSs.

4. REVENUE

Revenue, which is also the Group's turnover, represents the income from provision of driving training services and recognised on an over time basis. Revenue recognised during the years are as follows:

	2023	2022
	RMB'000	*RMB'000*
Analysed by types of courses:		
Driving training service income		
Standard courses	**2,824**	2,006
Premium courses	**36,659**	45,085
Additional training fees	**401**	643
	39,884	47,734
Analysed by types of vehicles:		
Driving training service income		
Large vehicles	**29,588**	37,914
Small vehicles	**10,296**	9,820
	39,884	47,734

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 Directors 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

	2023	2022
	RMB'000	*RMB'000*
Income from issuance of certificate of qualification validation	**392**	546
Interest income	**425**	609
Income on expiry of driving courses withdrawn by trainees	**450**	229
Government subsidies *(Note)*	**39**	140
Value-added tax refund	**84**	122
Others	**251**	215
Loss on disposal of property, plant and equipment	**(206)**	(177)
Exchange loss, net	**(5)**	(82)
	1,430	1,602

Note: Government subsidies were received from several local government authorities for skills training and the Group's contribution to local economies, of which the entitlement was unconditional and under the discretion of the relevant authorities.

7. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest on bank loans	**4,095**	4,452
Interest on lease liabilities *(Note 16)*	**135**	136
	4,230	4,588

8. LOSS BEFORE INCOME TAX

	2023	2022
	RMB'000	*RMB'000*
Loss before income tax has been arrived at after charging:		
Directors' remuneration	**1,357**	1,515
Other staff costs		
– Salaries and other allowances	**13,290**	16,443
– Retirement benefit scheme contributions	**1,537**	1,806
	16,184	19,764
Auditor's remuneration	**1,136**	972
Depreciation of:		
– Property, plant and equipment	**9,720**	10,149
– Right-of-use assets	**2,758**	2,500
Donations	**40**	26
Gasoline expenses	**7,431**	9,040

9. INCOME TAX CREDIT

	2023	2022
	RMB'000	*RMB'000*
The PRC Enterprise Income Tax ("EIT")		
– Current year	**–**	–
– Under-provision in prior years	**–**	689
		689
Deferred tax credit	**(1,313)**	(2,268)
	(1,313)	(1,579)

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 the year ended 31 December 2023 (2022: Nil).

No provision for Hong Kong Profits Tax has been recognised in the consolidated financial statements during the year ended 31 December 2023 as the Group does not have income which arises in, or derived from, Hong Kong (2022: Nil).

No provision of PRC EIT has been recognised in the consolidated financial statements during the year ended 31 December 2023 as the Group did not have any assessable profits for the year (2022: Nil).

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 RMB102,647,000 as at 31 December 2023 (2022: RMB106,607,000), 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 has been paid/declared or proposed for ordinary shareholders of the Company during the year ended 31 December 2023, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

11. LOSS PER SHARE

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

	2023	2022
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share (in RMB'000)	**(8,443)**	(8,667)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**400,000,000**	400,000,000

There were no potential ordinary shares in issue for the year ended 31 December 2023 (2022: Nil).

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Equipment	Furniture and fixtures	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST								
At 1 January 2022	32,787	49,558	11,482	1,161	1,881	26,969	–	123,838
Additions	56	37	340	16	360	245	–	1,054
Disposals	–	–	–	–	–	(2,883)	–	(2,883)
At 31 December 2022 and 1 January 2023	32,843	49,595	11,822	1,177	2,241	24,331	–	122,009
Additions	757	–	–	53	621	216	19,316	20,963
Disposals	–	–	–	–	–	(3,391)	–	(3,391)
Transfer	8,976	10,340	–	–	–	–	(19,316)	–
At 31 December 2023	**42,576**	**59,935**	**11,822**	**1,230**	**2,862**	**21,156**	**–**	**139,581**
ACCUMULATED DEPRECIATION								
At 1 January 2022	6,845	12,873	5,752	656	1,166	14,433	–	41,725
Provided for the year	1,563	4,137	1,460	109	380	2,500	–	10,149
Disposals	–	–	–	–	–	(2,600)	–	(2,600)
At 31 December 2022 and 1 January 2023	8,408	17,010	7,212	765	1,546	14,333	–	49,274
Provided for the year	1,798	4,315	1,369	117	452	1,669	–	9,720
Disposals	–	–	–	–	–	(2,485)	–	(2,485)
At 31 December 2023	**10,206**	**21,325**	**8,581**	**882**	**1,998**	**13,517**	**–**	**56,509**
CARRYING VALUES								
At 31 December 2023	**32,370**	**38,610**	**3,241**	**348**	**864**	**7,639**	**–**	**83,072**
At 31 December 2022	24,435	32,585	4,610	412	695	9,998	–	72,735

13. RIGHT-OF-USE ASSETS

	Leasehold lands *RMB'000*	Building *RMB'000*	Motor vehicles *RMB'000* *(Note)*	Total *RMB'000*
COST				
At 1 January 2022	45,500	126	7,459	53,085
Additions	–	–	2,794	2,794
At 31 December 2022 and 1 January 2023	45,500	126	10,253	55,879
Additions	836	–	143	979
At 31 December 2023	**46,336**	**126**	**10,396**	**56,858**
ACCUMULATED DEPRECIATION				
At 1 January 2022	3,980	68	2,393	6,441
Charges for the year	1,354	22	1,124	2,500
At 31 December 2022 and 1 January 2023	5,334	90	3,517	8,941
Charges for the year	1,466	22	1,270	2,758
At 31 December 2023	**6,800**	**112**	**4,787**	**11,699**
CARRYING VALUES				
At 31 December 2023	**39,536**	**14**	**5,609**	**45,159**
At 31 December 2022	40,166	36	6,736	46,938

Note:

As at 31 December 2023 and 2022, all motor vehicles in right-of-use assets are 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

	Notes	**2023** **RMB'000**	2022 RMB'000
Trade receivables	*(a)*	**39**	60
Other receivables		**1,471**	1,500
Less: allowance for expected credit loss		**(1,428)**	(1,428)
Other receivables, net of expected credit loss		**43**	72
Prepayments	*(b)*	**7,680**	1,358
Deposits		**–**	1,739
		7,762	3,229
Less: Prepaid service fee in respect of property, plant and equipment classified as non-current assets		**(360)**	(720)
Deposits paid in respect of property, plant and equipment classified as non-current assets		**–**	(1,739)
Current portion		**7,402**	770

Notes:

(a) 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 enrollment 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:

	2023 **RMB'000**	2022 RMB'000
0–30 days	**39**	60

The trade and other receivables and deposits are all denominated in the functional currency of the respective entities in the Group.

(b) Prepayments mainly represent advanced payments to suppliers of RMB6,900,000 (2022: Nil) for purchasing equipment. Related contracts were cancelled at the end of 31 December 2023 and the prepayments had been refunded to the Group on 18 March 2024, 19 March 2024 and 22 March 2024.

15. TRADE AND OTHER PAYABLES AND ACCRUALS

	2023	2022
	RMB'000	*RMB'000*
Trade payables *(Note)*	**981**	1,273
Construction costs payables	**3,125**	5,396
Accrued salaries and other staff cost	**2,525**	2,090
Accrued directors' remuneration	**2,186**	1,616
Examination fees payables	**1,384**	2,039
Other tax payables	**1,263**	1,290
Other payables	**3,910**	3,722
	15,374	17,426

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.

	2023	2022
	RMB'000	*RMB'000*
0 – 60 days	**595**	457
61 – 90 days	**109**	412
91 – 120 days	**90**	217
121 – 365 days	**–**	–
Over 365 days	**187**	187
	981	1,273

16. LEASE LIABILITIES

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

	2023	2022
	RMB'000	*RMB'000*
Lease liabilities payable:		
Within one year	**1,466**	1,481
Within a period of more than one year but not exceeding two years	**1,292**	1,207
Within a period of more than two years but not exceeding five years	**1,037**	1,376
Over five years	**368**	539
	4,163	4,603
Less: Future finance charges	**(688)**	(854)
Present value of lease liabilities	**3,475**	3,749
Less: Amounts due for settlement within twelve months from the end of the reporting period (shown under current liabilities)	**(1,158)**	(1,130)
Amounts due for settlement after twelve months from the end of the reporting period	**2,317**	2,619

The weighted average incremental borrowing rates applied to lease liabilities range from 5.4% to 12.8% (2022: 5.8% to 13.2%). 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/(ASSETS)

The following are the major deferred tax liabilities/(assets) recognised and movements thereon during the year:

	Right-of-use assets *RMB'000*	Lease liabilities *RMB'000*	Temporary difference on depreciation of property, plant and equipment *RMB'000*	Temporary difference on interest capitalisation *RMB'000*	Revenue recognition *RMB'000*	Deductible tax losses *RMB'000*	Total *RMB'000*
At 1 January 2022	321	(321)	3,362	1,896	3,132	–	8,390
Charged/(credited) to profit or loss	(47)	47	136	(148)	(867)	(1,389)	(2,268)
At 31 December 2022 and 1 January 2023	274	(274)	3,498	1,748	2,265	(1,389)	6,122
Charged/(credited) to profit or loss	134	(136)	(734)	(148)	(207)	(222)	(1,313)
At 31 December 2023	**408**	**(410)**	**2,764**	**1,600**	**2,058**	**(1,611)**	**4,809**

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.

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 with lower course fees and less training hours. 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.

Throughout the year ended 31 December 2023, our overall number of course enrollments and number of trainees attended our driving courses declined. We recorded an overall negative growth for both the total number of course enrollment for, and the total number of trainees attended on, our driving courses for the year ended 31 December 2023, as comparing to that for the corresponding period in 2022. 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 year ended 31 December 2023 due to the decrease in the demand for driving courses, which had a significant impact on the number of course enrollments of Large Vehicles especially, due to the continuing deterioration of the market conditions of the logistics industry as a result of the continuous US-China trade tensions.

Our total number of course enrollments recorded an overall decrease of 3.8% from 9,670 for the year ended 31 December 2022 to 9,304 for the year ended 31 December 2023. Both Tong Tai School and Shun Da School marked negative growth in the overall number of course enrollments for the year ended 31 December 2023, as comparing to that for the year ended 31 December 2022. The total number of course enrollments of Shun Da School amounted to 1,368 (year ended 31 December 2022: 1,393), representing a slight decrease of approximately 1.8%. The total number of course enrollments of Tong Tai School amounted to 7,936 (year ended 31 December 2022: 8,277), also representing a slight decrease of approximately 4.1%. The overall decrease in the number of course enrollments of both Large Vehicles and Small Vehicles is mainly attributable to the decrease in the demand for driving courses due to the continuing deterioration of the market conditions of the logistics industry as a result of the continuous US-China trade tensions.

The overall number of course enrollments for standard courses of both Large Vehicles and Small Vehicles increased by approximately 61.5% from 1,886 for the year ended 31 December 2022 to 3,046 for the year ended 31 December 2023 due to our newly designed driving courses of both Large Vehicles and Small Vehicles with lower course fee providing less or without training hours has captured the market share resulting from our sales and marketing and promotion activities throughout the year 2023.

The following table sets out a breakdown of the number of course enrollments by our trainees and by types of courses for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022:

	For the year ended 31 December			
	2023		2022	
	Number of course enrollments	***%***	*Number of course enrollments*	*%*
Tong Tai School				
Large Vehicles				
– Standard courses	**977**	**10.5**	165	1.7
– Premium courses	**3,058**	**32.9**	4,082	42.2
Small Vehicles				
– Standard courses	**928**	**9.9**	760	7.9
– Premium courses	**2,973**	**32.0**	3,270	33.8
Shun Da School				
Small Vehicles				
– Standard courses	**1,141**	**12.3**	961	9.9
– Premium courses	**227**	**2.4**	432	4.5
Total	**9,304**	**100.0**	9,670	100.0
Course				
Total standard courses	**3,046**	**32.7**	1,886	19.5
Total premium courses	**6,258**	**67.3**	7,784	80.5
Total	**9,304**	**100.0**	9,670	100.0
Driving school				
Tong Tai School	**7,936**	**85.3**	8,277	85.6
Shun Da School	**1,368**	**14.7**	1,393	14.4
Total	**9,304**	**100.0**	9,670	100.0
Driving course				
Large Vehicles	**4,035**	**43.4**	4,247	43.9
Small Vehicles	**5,269**	**56.6**	5,423	56.1
Total	**9,304**	**100.0**	9,670	100.0

We recorded an overall decrease in both the number of trainees attended our driving courses and total revenue for the year ended 31 December 2023. The overall number of trainees who attended our driving courses for the year ended 31 December 2023 amounted to 10,832 (year ended 31 December 2022: 12,509), representing a decrease of approximately 13.4%. The total revenue of the Group for the year ended 31 December 2023 amounted to approximately RMB39.9 million (year ended 31 December 2022: approximately RMB47.7 million), also representing a decrease of approximately 16.4%. The overall decrease in revenue was attributable to a decrease in each of the number of trainees who attended our driving courses and the actual number of training hours of our trainees of Large Vehicles and the overall decreased average course fees per hour of Large Vehicles for the year ended 31 December 2023 which offset the positive effect of the slight increase in revenue from our driving course of Small Vehicles as a result of the higher average course fees per hour of Small Vehicles recognised as revenue despite a decrease in each of the number of trainees who attended our driving courses and the actual number of training hours of our trainees of Small Vehicles was recorded for the year ended 31 December 2023. Our provision of driving training services for Large Vehicles continued to be our primary source of revenue, accounting for approximately 74.2% of our total revenue (year ended 31 December 2022: 79.4%). Revenue generated from premium courses contributed to approximately 91.9% of our total revenue (year ended 31 December 2022: 94.5%).

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 2023, together with the comparative figures for the year ended 31 December 2022:

	For the year ended 31 December					
	2023			2022		
	Number of trainees attended	***RMB'000***	***%***	*Number of trainees attended*	*RMB'000*	*%*
Large Vehicles						
– Standard courses	**410**	**1,848**	**4.6**	296	550	1.2
– Premium courses	**3,932**	**27,518**	**69.0**	5,396	37,013	77.5
– Additional training services	**N/A**	**222**	**0.6**	N/A	351	0.7
Sub-total	**4,342**	**29,588**	**74.2**	5,692	37,914	79.4
Small Vehicles						
– Standard courses	**2,042**	**976**	**2.4**	2,914	1,456	3.0
– Premium courses	**4,448**	**9,141**	**22.9**	3,903	8,072	17.0
– Additional training services	**N/A**	**179**	**0.5**	N/A	292	0.6
Sub-total	**6,490**	**10,296**	**25.8**	6,817	9,820	20.6
Total	**10,832**	**39,884**	**100.0**	12,509	47,734	100.0

Future Development and Prospects

Work Summary in the Year of 2023 and Outlook in the Year of 2024 of Tong Tai School

Looking back on our work in 2023, we took "doing the best, pursuing better" as the objective, focused on "fostering professional and technical talents for the society and contributing more energy for economic development" as our corporate mission, actively responded to challenges brought by the downturn in the logistics industry and overcame difficulties. We facilitated the teaching and logistics reform, as we are fully aware that only by expanding our business scale and enhancing operating effectiveness then we can better meet trainees' needs and achieve better business results. The work of the year 2023 laid a stable foundation for future development.

Significant Improvement in Teaching Management and Quality

We have all along been committed to the teaching philosophy of being "stringent and highly efficient", actively propelling the online and offline integration with a full elements and process teaching model. We constantly optimised subject teaching plans, teaching materials and methods, as well as integrating education and training to enable every trainee to enhance the learning outcome in a relaxed and pleasant atmosphere and to become more confident under the rigorous training practice.

Further Improvement in Organisational Capability and Service Quality

During our teaching process in 2023, we valued the opinions and feedback of trainees by conducting in-depth research and optimisation in curriculum setting, instructor staffing and examination services. We strived to implement the service standard of being "fast, professional and high quality" in the entire teaching process to ensure every trainee enjoyed high-quality service and guaranteed safe examination, laying a solid foundation for each of them to achieve leaping progress.

Continuing Our Enrollment Mission

We set a challenging target of new course enrollment for the year 2023. However, due to the continuing deterioration of the market conditions of the logistics industry as a result of the continuous US-China trade tensions, trainees were less motivated to enroll in driving training courses for large vehicles. To achieve the enrollment target, we need a breakthrough in marketing. To meet the potential market demand, we will further launch a suite of preferential policies and campaigns to gain the support of trainees and enhance brand reputation and credibility, as well as brand influence further.

Work Plan in the Year of 2024

In 2024, we remain confident of our revenue growth. Although the current competition in the driving training market is intense, however, it still enjoys promising prospects going forward due to the following reasons: (i) the demand for driving licenses continues to grow resulted from following urbanisation progresses and improvement in the economic condition of families. More people are becoming aware of the importance of holding a driving license, as a result, the market demand for driving training services will continue to grow; (ii) the increasing demand for professional services. With rising traffic safety and regulation standards, professional driving training service providers are becoming the choice for more people which will further boost its market development; and (iii) the progress of science and technology enables new technologies such as virtual reality and intelligent driving systems to be applied in the training of driving institutes. Not only has the application of such technologies improved driver training effectiveness but they also bring more business opportunities and competitive advantages for driving training institutes.

Constantly Enhancing Our Teaching Quality

In 2024, we will constantly enhance our teaching quality with a more stringent standard. Firstly, our well-trained driving instructors will provide more professional and high-quality driving training services to meet the needs of trainees in improving driving skills and increasing the passing rate of existing trainees. We will also develop an integrated online and offline training model to provide comprehensive support for trainees' learning. Our online training for theoretical examination, which has been set up for more than a year, is recognised by our trainees and those from the other provinces have enrolled and trained in our driving schools.

Increasing Efforts in Course Enrollment

We are committed to the concept of "course enrollment as the primary core work" to meet the increasing demand for driving training services benefited from the expecting rebound of the logistics industry this year. In facing the challenge of course enrollment, we will be more dedicated to publicity and promotion with an integrated offline and online marketing approach. we will strengthen our cooperation with Tiktok through fixed-point placements to enable more trainees across the provinces to know our Tong Tai School. We will also enhance our brand influence through advertising and word-of-mouth advertising to solicit more trainees. We also plan to expand our business to other provinces, cities and counties in China with Large Vehicles and Small Vehicles markets, and use online marketing software and other social media to present relevant information about our school.

Focusing on Market Competitiveness and Corporate Culture Building

In January 2024, we assigned staff to conduct research in remote provinces in China to establish cooperative relationships with local driving training service providers, automobile dealers, insurance companies and other related industries to enhance our competitiveness and expand market share under a mutually beneficial approach. At the same time, we will actively facilitate various reforms and innovations to enhance operating effectiveness and market competitiveness. We will help trainees to create high-quality learning and test experiences with more intelligent and professional service concepts, striving to build the school into a diversified and comprehensive driving school that moves with the times and also a top-tier brand from the general users' perspective. Lastly, corporate culture is the foundation for the Group to remain competitive under the intense market competition. Therefore, each of our employees consciously accepts, propagates, carries on and innovates our corporate culture and empowers Tong Tai School for high-quality development.

Financial Review

1. Overview

Our overall financial performance for the year ended 31 December 2023 has slightly improved as compared to that for the year ended 31 December 2022. We recorded a decline in total revenue by RMB7.9 million (or approximately 16.4%) from RMB47.7 million for the year ended 31 December 2022 to RMB39.9 million for the year ended 31 December 2023. Our gross profit has decreased by RMB2.7 million (or approximately 24.3%) from RMB11.3 million for the year ended 31 December 2022 to RMB8.6 million for the year ended 31 December 2023. Gross profit margin has also decreased by 2.2 percentage points from 23.7% for the year ended 31 December 2022 to 21.5% for the year ended 31 December 2023.

The abovementioned decreases were partially offset by the decrease in selling and marketing expenses and administrative expenses for the year ended 31 December 2023 as compared to that of the year ended 31 December 2022 due to the decrease in sales and marketing and promotion activities and the decrease in employees benefit expenses for administrative staff during the year ended 31 December 2023. The net loss attributable to the owners of the Company of approximately has slightly been reduced from approximately RMB8.7 million for the year ended 31 December 2022 to approximately RMB8.4 million for the year ended 31 December 2023. We also recorded a net loss margin attributable to the owners of the Company of 21.2% and 18.2% for the year ended 31 December 2023 and 2022, respectively. We recorded the loss before income tax of approximately RMB9.8 million and RMB10.2 million for the year ended 31 December 2023 and 2022, respectively.

2. *Revenue*

Our revenue decreased by approximately RMB7.9 million, or approximately 16.4% from RMB47.7 million for the year ended 31 December 2022 to RMB39.9 million for the year ended 31 December 2023. This decrease was mainly attributable to the significant decrease in revenue generated from the provision of driving training services for Large Vehicles of approximately RMB8.3 million which offset the positive effect from the slight increase in revenue generated from the provision of driving training services for Small Vehicles of approximately RMB0.5 million. This decline in revenue is mainly attributable to (i) the impact of overall decrease in the average course fee per hour of driving courses for both Large Vehicles and Small Vehicles; and (ii) the overall decrease in each of the number of trainees who attended our driving courses and the actual number of training hours for both Large Vehicles and Small Vehicles provided by the Group during the year ended 31 December 2023 due to the decrease in the demand for driving courses, which had a significant impact on the number of course enrollments of Large Vehicles especially, due to the continuing deterioration of the market conditions of the logistics industry as a result of the continuous US-China trade tensions.

The revenue generated from the provision of driving training services for Large Vehicles decreased by approximately RMB8.3 million, or approximately 22.0%, from approximately RMB37.9 million for the year ended 31 December 2022 to approximately RMB29.6 million for the year ended 31 December 2023. 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 5,692 and 307,968, respectively, for the year ended 31 December 2022 to 4,342 and 257,796, respectively, for the year ended 31 December 2023 and (ii) the lower average course fees per hour recognised as revenue for both standard and premium course of Large Vehicles during the year ended 31 December 2023 as a result of the decreased driving course fees.

The revenue generated from the provision of driving training services for Small Vehicles has slightly increased by approximately RMB0.5 million, or approximately 4.8%, from approximately RMB9.8 million for the year ended 31 December 2022 to approximately RMB10.3 million for the year ended 31 December 2023. Such increase was mainly attributable to the higher average course fees per hour recognised as revenue during the year ended 31 December 2023 due to the forfeiture of course fees upon expiry of the time limit for attending driving courses for our standard and premium course of Small Vehicles which offset the decrease in each of the overall 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 6,817 and 136,972, respectively, for the year ended 31 December 2022 to 6,490 and 127,783, respectively, for the year ended 31 December 2023.

3. *Cost of services rendered*

For the year ended 31 December 2023 and 2022, our Group's cost of services rendered amounted to approximately RMB31.3 million and RMB36.4 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 RMB5.1 million, or approximately 14.0%, from approximately RMB36.4 million for the year ended 31 December 2022 to approximately RMB31.3 million for the year ended 31 December 2023.

Employee benefit expenses decreased by approximately RMB2.3 million, or approximately 17.8%, from approximately RMB12.8 million for the year ended 31 December 2022 to approximately RMB10.5 million for the year ended 31 December 2023 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 decreased by approximately RMB1.6 million, or approximately 17.8%, from approximately RMB9.0 million for the year ended 31 December 2022 to approximately RMB7.4 million for the year ended 31 December 2023, in line with 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 RMB10.8 million and RMB10.9 million for the years ended 31 December 2022 and 2023, respectively.

4. Gross profit and gross profit margin

Our overall gross profit from the provision of driving training services decreased by approximately RMB2.7 million, or approximately 24.3%, from approximately RMB11.3 million for the year ended 31 December 2022 to approximately RMB8.6 million for the year ended 31 December 2023 in line with the decrease in the revenue. Our gross profit margin from the provision of driving training services decreased by approximately 2.2 percentage points from approximately 23.7% for the year ended 31 December 2022 to approximately 21.5% for the year ended 31 December 2023. Our overall decrease in gross profit and gross profit margin was mainly attributable to the overall decrease in the average course fees per hour and in each of the number of trainees who attended our driving courses and the actual number of training hours and the fixed depreciation charges of our training field and training motor vehicles and amortisation charges of right-of-use assets, despite the increase in gross profit margin for driving courses of Small Vehicles due to the increased revenue contributed from the forfeiture of course fees upon expiry of the time limit for attending driving courses.

Our gross profit for provision of driving training services for Large Vehicles decreased by approximately RMB4.7 million, or approximately 48.0%, from approximately RMB9.8 million for the year ended 31 December 2022 to approximately RMB5.1 million for the year ended 31 December 2023. Our gross profit margin from the provision of driving training services for Large Vehicles decreased by approximately 8.6 percentage points from approximately 25.9% for the year ended 31 December 2022 to approximately 17.3% for the year ended 31 December 2023. The decrease in both gross profit and gross profit margin was mainly attributable to (i) the decrease in the average course fees per hour and in each of the number of trainees who attended our driving courses and the actual number of training hours and (ii) the fixed depreciation charges of our training field and training motor vehicles and the amortisation charges of right-of-use assets.

Our gross profit for provision of driving training services for Small Vehicle increased by approximately RMB2.0 million, or approximately 133.5%, from approximately RMB1.5 million for the year ended 31 December 2022 to approximately RMB3.5 million for the year ended 31 December 2023. Our gross profit margin from the provision of driving training services for Small Vehicles increased by approximately 18.4 percentage points from approximately 15.1% for the year ended 31 December 2022 to approximately 33.5% for the year ended 31 December 2023. The increase in both gross profit and gross profit margin was mainly attributable to (i) the higher average course fees per hour which contributed higher gross profit margin; and (ii) the increased revenue contributed from the forfeiture of course fees upon expiry of the time limit for attending driving courses, that totally offset the negative impact from the overall decrease in the each of the number of trainees who attended our driving courses and 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 RMB0.2 million, or approximately 10.7%, from approximately RMB1.6 million for the year ended 31 December 2022 to approximately RMB1.4 million for the year ended 31 December 2023 which was mainly attributable to the decrease in income from issuance of certificate of qualification validation from approximately RMB0.5 million for the year ended 31 December 2022 to approximately RMB0.4 million for the year ended 31 December 2023 and the decrease in government subsidies from approximately RMB140,000 for the year ended 31 December 2022 to approximately RMB39,000 for the year ended 31 December 2023.

6. Selling and marketing expenses

Our selling and marketing expenses decreased by approximately RMB1.8 million, or approximately 52.8%, from approximately RMB3.4 million for the year ended 31 December 2022 to approximately RMB1.6 million for the year ended 31 December 2023 which was mainly attributable to the decrease in sales and marketing and promotion activities.

7. Administrative expenses

Our administrative expenses decreased by approximately RMB1.2 million, or approximately 8.2%, from approximately RMB15.1 million for the year ended 31 December 2022 to approximately RMB13.9 million for the year ended 31 December 2023 which was mainly attributable to the decrease in employees benefit expenses for administrative staff.

8. Finance costs

Our finance costs decreased by approximately RMB0.4 million, or approximately 7.8%, from approximately RMB4.6 million for the year ended 31 December 2022 to approximately RMB4.2 million for the year ended 31 December 2023. Such decrease was mainly attributable to the decrease in interest paid for our new bank borrowing.

9. Income tax credit

We recorded an income tax credit for the year ended 31 December 2023 of approximately RMB1.3 million as compared to our income tax credit for the year ended 31 December 2022 of approximately RMB1.6 million, which was mainly attributable to the decrease in income tax credit for the deferred tax assets on tax loss.

10. Loss and total comprehensive expense for the year

As a result of the above factors, we recorded loss and total comprehensive loss for the year ended 31 December 2023 of approximately RMB8.4 million as compared to our loss and total comprehensive loss of approximately RMB8.7 million for the year ended 31 December 2022, which was mainly attributable to (i) the overall decrease in each of the number of trainees who attended our driving courses of Large Vehicles and Small Vehicles as well as the actual number of training hours; (ii) the lower gross profit margin of Large Vehicles due to the decreased average course fees per hour; and (iii) fixed depreciation charges of our training field and training motor vehicles and the amortisation charges of right-of-use assets, which was offset by the decrease in selling and marketing expenses and administrative expenses for the year ended 31 December 2023. Accordingly, we recorded a net loss margin attributable to the owners of the Company of approximately 21.2% and 18.2%, for the years ended 31 December 2023 and 2022, respectively.

11. Liquidity and source of funding and borrowing

The Group's bank balances and cash decreased from approximately RMB182.3 million as at 31 December 2022 to approximately RMB152.4 million as at 31 December 2023, which was mainly attributable to the decrease in operating cash flows and increase in investing cash flows during the year ended 31 December 2023. The Group has concentration of credit risk arising from bank balances as there was a bank which individually contributed an amount of approximately RMB124.8 million (2022: RMB135.6 million), representing 81.9% (2022: 74.6%) of the Group's bank balances as at 31 December 2023. The management considers that the credit risk on liquid funds is low as counterparties are financial institutions with good reputation and have provided financing amounted to approximately RMB26.7 million (2022: RMB26.7 million) to the Group.

As at 31 December 2023, the current assets of the Group amounted to approximately RMB159.8 million, including approximately RMB152.4 million in bank balances and cash, and approximately RMB7.4 million in trade and other receivables, deposits and prepayments. The current liabilities of the Group amounted to approximately RMB82.7 million, including approximately RMB15.4 million in trade and other payables and accruals, approximately RMB17.9 million in contract liabilities, approximately RMB3.0 million in tax liabilities, approximately RMB45.2 million in borrowings and approximately RMB1.2 million in lease liabilities. As at 31 December 2023, the current ratio of the Group, which is equivalent to the current assets divided by the current liabilities, was 1.93 (31 December 2022: 1.86).

As of 31 December 2023, the Group had aggregate interest-bearing borrowings of approximately RMB45.2 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 RMB55.2 million which are repayable within one year as of 31 December 2022. The decrease in borrowings is mainly due to the repayment of bank loan in May 2023.

12. Gearing ratio

As at 31 December 2023, 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 0.30 times (31 December 2022: 0.30 times).

13. Material investments

The Group did not make any material investments during the year ended 31 December 2023.

14. Material acquisitions and disposals

The Group did not make any material acquisitions and disposals during the year ended 31 December 2023.

15. Borrowings and pledge of assets

As of 31 December 2023, the Group had aggregate interest-bearing borrowings of approximately RMB54.2 million as compared to approximately RMB55.2 million as of 31 December 2022. The borrowings of RMB45.2 million are repayable within one year and approximately RMB9.0 million are repayable within a period of more than one year but not exceeding two years.

As of 31 December 2023, the Group's borrowings of approximately RMB54.2 million were at fixed interest rates. As of 31 December 2023, the non-current portion and current portion borrowings of the Group amounting to approximately RMB9.0 million and approximately RMB45.2 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.

16. Contingent liabilities

As at 31 December 2023, 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 2023, 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 2023, we had 210 employees, representing a slight decrease from that of 295 employees as at 31 December 2022. 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 2023 was approximately RMB13.3 million (for the year ended 31 December 2022: approximately RMB18.2 million).

The following table sets forth the total number of Directors and employees by function as at 31 December 2023:

	Number of employees	*% of the total*
Function		
Directors	6	2.9
Driving instructors	125	59.6
Sale and marketing	20	9.5
Finance and accounting	7	3.3
Teaching affair office	16	7.6
Administration	32	15.2
Vehicle management	4	1.9
Total	210	100.0

SUBSEQUENT EVENTS

After the reporting period, on 16 January 2024, the Company proposed to conduct the Rights Issue on the basis of one (1) Rights Share for every two (2) Shares held at the subscription price of HK$0.2 per Rights Share, to raise gross proceeds of up to approximately HK$40.0 million before expenses, by way of the Rights Issue of up to 200,000,000 Rights Shares.

On 20 March 2024, a total of 35,958,192 Rights Shares were issued and allotted at HK$0.20 per Rights Shares pursuant to the Rights Issue. Upon completion of the Rights Issue, the issued share capital of the Company comprises 435,958,192 Shares of HK$0.01 each, and the total amount of paid up share capital became HK$4,359,581.92.

The gross proceeds raised from the Rights Issue are approximately HK$7.2 million and the net proceeds from the Rights Issue after deducting the relevant expenses are approximately HK$6.1 million. As disclosed in the prospectus of the Company dated 20 February 2024, the Company intends to apply the net proceeds from the Rights Issue for the part repayment of the outstanding bank borrowings of the Group.

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 31 December 2023, a total of approximately HK$39.5 million had been utilised by the Group according to the allocation set out hereinbelow:

	% of net proceeds	Net proceeds from IPO	Utilisation during the period from the listing date (i.e 24 October 2019) to 31 December 2023	Unutilised amount as at 31 December 2023	Expected timeframe for intend use
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Acquisition of a parcel of land	45.7	49,547	–	49,547	By the end of December 2024
Construction of training fields	12.3	13,333	–	13,333	By the end of December 2024
Purchase of training vehicles	9.7	10,517	8,462	2,055	By the end of December 2024
Recruitment and training costs for 40 new driving instructors	9.6	10,408	6,459	3,949	By the end of December 2024
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	39,534	68,884	

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 2023 (year ended 31 December 2022: Nil).

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

During the year ended 31 December 2023, 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 2023, 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. Wan San Fai Vincent (as the chairman), Mr. Chan Siu Wah and Mr. Xu Jianpo, 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 2023. 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.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2023, consolidated statement of profit or loss and other comprehensive loss and the related notes to the consolidated financial statements thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Company's independent auditor, Moore CPA Limited (formerly known as Moore Stephens CPA Limited) ("Moore CPA"), Certified Public Accountants, to the amounts as set out in the Group's audited consolidated financial statements for the year ended 31 December 2023 and the amounts were found to be in agreement. The work performed by Moore CPA in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore CPA on this announcement.

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 2023 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 (which has been re-numbered as Appendix C1 with effect from 31 December 2023) 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 (which has been re-numbered as Appendix C3 with effect from 31 December 2023) 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;
"Record Date"	Monday, 19 February 2024, the record date for the determination of the entitlements under the Rights Issue;
"Rights Issue"	the proposed issue by way of rights of one (1) Rights Share for every two (2) Shares in issue and held on the Record Date at the subscription price of HK$0.20 per Rights Share on the terms and subject to the conditions to be set out in the prospectus of the Company dated 20 February 2024;
"Rights Share(s)"	up to 200,000,000 new share(s) of HK$0.01 each in the share capital of the Company to be allotted and issued pursuant to the Rights Issue, assuming no change in the number of Shares in issue on or before the Record Date;
"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 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; and
"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

27 March 2024

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. Chan Siu Wah, Mr. Wan San Fai Vincent and Mr. Xu Jianpo.