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CHINA ORIENTED INTERNATIONAL HOLDINGS LIMITED

向中國國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1871)

ANNOUNCEMENT ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

RESULTS

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023 which were extracted from the audited consolidated financial statements of the Group as set out in the Company's 2023 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 2024

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
Revenue	4	32,297	39,884
Cost of services rendered		(28,367)	(31,324)
Gross profit		3,930	8,560
Other income and losses, net	6	1,204	1,430
Selling and marketing expenses		(1,721)	(1,620)
Administrative expenses		(13,829)	(13,896)
Finance costs	7	(3,279)	(4,230)
Loss before income tax	8	(13,695)	(9,756)
Income tax credit	9	5,335	1,313
Loss and total comprehensive loss for the year attributable to the owners of the Company		(8,360)	(8,443)
Loss per share attributable to the owners of the Company	11		(Restated)
- Basic and diluted (RMB cents)		(1.94)	(2.05)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	12	94,045	83,072
Right-of-use assets	13	41,650	45,159
Prepayments for property, plant and equipment	14	4,190	360
Prepayment for acquisition of a subsidiary	14	3,900	-
		<u>143,785</u>	<u>128,591</u>
Current assets			
Trade and other receivables and prepayments	14	1,628	7,402
Bank balances and cash		120,913	152,359
		<u>122,541</u>	<u>159,761</u>
Current liabilities			
Trade and other payables and accruals	15	15,647	15,374
Contract liabilities		12,691	17,862
Tax liabilities		-	3,033
Lease liabilities	16	1,635	1,158
Borrowings		45,230	45,230
		<u>75,203</u>	<u>82,657</u>
Net current assets		<u>47,338</u>	<u>77,104</u>
Total assets less current liabilities		<u>191,123</u>	<u>205,695</u>
Non-current liabilities			
Lease liabilities	16	1,798	2,317
Borrowings		-	9,000
Deferred tax liabilities	17	2,507	4,809
		<u>4,305</u>	<u>16,126</u>
Net assets		<u>186,818</u>	<u>189,569</u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital	18	3,939	3,608
Reserves		182,879	185,961
		<u>186,818</u>	<u>189,569</u>
Total equity		<u>186,818</u>	<u>189,569</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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) and all values are rounded to the nearest thousand ("RMB'000"), unless otherwise stated.

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 2024

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 2024 for the preparation of the Group's consolidated financial statement:

Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

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

(b) New and amendments to 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 HKAS 21	The effects of changes in foreign exchange rate– Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Financial instruments: disclosures - Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards - Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial adoption. Except for the new HKFRS mentioned above, the directors of the Company have concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

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:

Analysed by types of courses:

	2024	2023
	RMB'000	RMB'000
Driving training service income		
Standard courses	20,300	2,824
Premium courses	11,059	36,659
Additional training fees	938	401
	<u>32,297</u>	<u>39,884</u>

Analysed by types of vehicles:

	2024	2023
	RMB'000	RMB'000
Driving training service income		
Large vehicles	22,322	29,588
Small vehicles	9,975	10,296
	<u>32,297</u>	<u>39,884</u>

5. SEGMENT INFORMATION

The Group is principally engaged in provision of driving training services. For the purposes of assessing performance and allocating resources, the Group's operation is regarded as one reportable and operating segment which is provision of driving training services. The Directors review the loss 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

	2024	2023
	RMB'000	RMB'000
Income from issuance of certificate of qualification validation	-	392
Interest income	325	425
Income on expiry of driving courses withdrawn by trainees	231	450
Government subsidies (<i>Note</i>)	436	39
Value-added tax refund	4	84
Gain on bargain purchase of a subsidiary	138	-
Others	117	251
Loss on disposal of property, plant and equipment	(20)	(206)
Exchange loss, net	(27)	(5)
	<u>1,204</u>	<u>1,430</u>

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

	2024	2023
	RMB'000	RMB'000
Interest on bank borrowings	3,142	4,095
Interest on lease liabilities (Note 16)	137	135
	<u>3,279</u>	<u>4,230</u>

8. LOSS BEFORE INCOME TAX

	2024	2023
	RMB'000	RMB'000
Loss before income tax has been arrived at after charging:		
Directors' remuneration	1,372	1,357
Other staff costs		
- Salaries and other allowances	10,713	13,290
- Retirement benefit scheme contributions	1,435	1,537
	<u>13,520</u>	<u>16,184</u>
Auditor's remuneration	1,203	1,136
Depreciation of:		
- Property, plant and equipment	12,353	9,720
- Right-of-use assets	1,978	2,758
Donations	5	40
Gasoline expenses	4,884	7,431
Consulting fee	1,108	1,222
Students' meal fees	1,101	1,287
Taxes and surcharges	1,231	1,286

9. INCOME TAX CREDIT

	2024	2023
	RMB'000	RMB'000
The PRC Enterprise Income Tax ("EIT")		
- Over-provision in prior years	(3,033)	-
Deferred tax credit	<u>(2,302)</u>	<u>(1,313)</u>
	<u>(5,335)</u>	<u>(1,313)</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 the year ended 31 December 2024 (2023: Nil).

No provision for Hong Kong Profits Tax has been recognised in the consolidated financial statements for the year ended 31 December 2024 as the Group does not have income which arises in, or derived from, Hong Kong (2023: Nil).

No provision for PRC EIT has been recognised in the consolidated financial statements during the year ended 31 December 2024 as the Group did not have any assessable profits for the year (2023: Nil).

Under the Law of the PRC on EIT, 10% 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 RMB95,968,000 as at 31 December 2024 (2023: RMB102,647,000), 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 2024, nor has any dividend been proposed since the end of the reporting period (2023: 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:

	2024	2023
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share (in RMB'000)	<u>(8,360)</u>	<u>(8,443)</u>
Number of shares		(Restated)
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>430,877,279</u>	<u>412,418,774</u>

The basic loss per share for the years ended 31 December 2024 and 2023 have been adjusted to reflect the bonus element in rights issue of shares that took place on 20 March 2024.

There were no potential ordinary shares in issue for the year ended 31 December 2024 (2023: Nil).

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Equipment <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
COST								
At 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 and 1 January 2024	42,576	59,935	11,822	1,230	2,862	21,156	-	139,581
Additions	265	-	-	17	1,388	12	16,583	18,265
Acquisition of a subsidiary	-	1,557	-	158	252	352	-	2,319
Disposals	-	-	-	-	-	(1,907)	-	(1,907)
Transfer from right-of-use assets	-	-	-	-	-	7,352	-	7,352
Transfer	-	12,810	-	-	3,773	-	(16,583)	-
At 31 December 2024	42,841	74,302	11,822	1,405	8,275	26,965	-	165,610
ACCUMULATED DEPRECIATION								
At 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 and 1 January 2024	10,206	21,325	8,581	882	1,998	13,517	-	56,509
Provided for the year	2,510	5,445	1,222	122	748	2,306	-	12,353
Transfer from right-of-use assets	-	-	-	-	-	4,131	-	4,131
Disposals	-	-	-	-	-	(1,428)	-	(1,428)
At 31 December 2024	12,716	26,770	9,803	1,004	2,746	18,526	-	71,565
CARRYING VALUES								
At 31 December 2024	30,125	47,532	2,019	401	5,529	8,439	-	94,045
At 31 December 2023	32,370	38,610	3,241	348	864	7,639	-	83,072

13. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Building RMB'000	Motor vehicles RMB'000	Total RMB'000
			<i>Note</i>	
COST				
At 1 January 2023	45,500	126	10,253	55,879
Additions	836	-	143	979
At 31 December 2023 and 1 January 2024	46,336	126	10,396	56,858
Additions	-	-	1,690	1,690
Expiry of lease term	-	(126)	-	(126)
Transfer to property, plant and equipment	-	-	(7,352)	(7,352)
At 31 December 2024	46,336	-	4,734	51,070
ACCUMULATED DEPRECIATION				
At 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 and 1 January 2024	6,800	112	4,787	11,699
Charges for the year	1,480	14	484	1,978
Expiry of lease term	-	(126)	-	(126)
Transfer to property, plant and equipment	-	-	(4,131)	(4,131)
At 31 December 2024	8,280	-	1,140	9,420
CARRYING VALUES				
At 31 December 2024	38,056	-	3,594	41,650
At 31 December 2023	39,536	14	5,609	45,159

Note:

As at 31 December 2024 and 2023, 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 AND PREPAYMENTS

	Notes	2024 RMB'000	2023 RMB'000
Trade receivables	(a)	67	39
Other receivables		1,629	1,471
Less: allowance for expected credit loss		(1,428)	(1,428)
Other receivables, net of expected credit loss		<u>201</u>	<u>43</u>
Prepayments	(b)	<u>9,450</u>	<u>7,680</u>
		<u>9,718</u>	<u>7,762</u>
Less: Prepayments classified as non-current assets			
- acquisition of a subsidiary	(b)	(3,900)	-
- property, plant and equipment	(b)	(4,190)	(360)
Current portion		<u>1,628</u>	<u>7,402</u>

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:

	2024 RMB'000	2023 RMB'000
0 - 30 days	<u>67</u>	<u>39</u>

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

- (b) As at 31 December 2024, non-current portion of prepayments mainly represents the consideration paid for acquisition of a subsidiary which is a new driving school of approximately RMB3,900,000 (2023: Nil) and renovation fee of approximately RMB4,190,000 (2023: Nil) paid for the renovation of new driving school training ground and interior decoration of the subsidiary to be acquired.

As at 31 December 2023, prepayments mainly represent advanced payments to suppliers of RMB6,900,000 for purchasing equipment. Related contracts were cancelled as 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

	2024	2023
	RMB'000	RMB'000
Trade payables (<i>Note</i>)	1,158	981
Construction costs payables	3,104	3,125
Accrued salaries and other staff cost	2,675	2,525
Accrued directors' remuneration	2,756	2,186
Examination fees payables	1,139	1,384
Other tax payables	1,167	1,263
Other payables	3,648	3,910
	<hr/>	<hr/>
	15,647	15,374
	<hr/>	<hr/>

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.

	2024	2023
	RMB'000	RMB'000
0 – 60 days	733	595
61 – 90 days	130	109
91 – 120 days	108	90
121 – 365 days	-	-
Over 365 days	187	187
	<hr/>	<hr/>
	1,158	981
	<hr/>	<hr/>

16. LEASE LIABILITIES

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

	2024 RMB'000	2023 RMB'000
Lease liabilities payable:		
Within one year	1,854	1,466
Within a period of more than one year but not exceeding two years	932	1,292
Within a period of more than two years but not exceeding five years	909	1,037
Over five years	197	368
	<u>3,892</u>	<u>4,163</u>
Less: Future finance charges	(459)	(688)
Present value of lease liabilities	<u>3,433</u>	<u>3,475</u>
Less: Amounts due for settlement within twelve months from the end of the reporting period (shown under current liabilities)	<u>(1,635)</u>	<u>(1,158)</u>
Amounts due for settlement after twelve months from the end of the reporting period	<u>1,798</u>	<u>2,317</u>

The weighted average incremental borrowing rates applied to lease liabilities range from 5.4% to 12.8% (2023: 5.4% to 12.8%). 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 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 and 1 January 2024	408	(410)	2,764	1,600	2,058	(1,611)	4,809
Charged/(credited) to profit or loss	(76)	62	(2,421)	(148)	591	(310)	(2,302)
At 31 December 2024	<u>332</u>	<u>(348)</u>	<u>343</u>	<u>1,452</u>	<u>2,649</u>	<u>(1,921)</u>	<u>2,507</u>

18. SHARE CAPITAL

	Number of Shares	Share capital RMB'000
Ordinary shares of HK\$0.01 each		
Authorised		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	10,000,000,000	90,179
Issued and fully paid		
At 1 January 2023, 31 December 2023 and 1 January 2024	400,000,000	3,608
Issuance of shares upon the Rights Issue (Note)	35,958,192	331
At 31 December 2024	435,958,192	3,939

Note:

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\$40,000,000 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 Share 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 approximately HK\$4,360,000 (equivalent to approximately RMB3,939,000). The gross proceeds raised from the Rights Issue were approximately HK\$7,192,000 and the net proceeds from the Rights Issue after deducting the relevant expenses are approximately HK\$6,062,000, of which approximately HK\$5,702,000 (equivalent to approximately RMB5,278,000) are credited to the Company's equity under share premium.

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. In November 2024, we acquired Kai Yuan School, a qualified level II driving school in Zhumadian City. The acquisition did not constitute a notifiable transaction under the Listing Rules. Kai Yuan School was established in 2016 and currently offers driving training services for preparation for driving tests of Small Vehicles and certain types of Large Vehicles.

Tong Tai School, Shun Da School and Kai Yuan 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 2024, our overall number of course enrollments and number of trainees attended our driving courses declined mainly due to the continuous decline in the number of course enrollments for our driving courses of Large Vehicles. 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 2024, as comparing to that for the corresponding period in 2023. 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 2024 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 and the lower threshold for existing Small Vehicles driving schools to enter into the sector of driving training services offering Large Vehicles driving courses which intensified the keen competition in the driving training services market.

Our total number of course enrollments recorded an overall decrease of 7.0% from 9,304 for the year ended 31 December 2023 to 8,646 for the year ended 31 December 2024. Both Tong Tai School and Shun Da School marked negative growth in the overall number of course enrollments for the year ended 31 December 2024, as comparing to that for the year ended 31 December 2023. The total number of course enrollments of Shun Da School amounted to 846 (year ended 31 December 2023: 1,368), representing a significant decrease of approximately 38.2% due to the transfer of course enrollments and driving training from Shun Da School to Tong Tai School. The total number of course enrollments of Tong Tai School amounted to 7,800 (year ended 31 December 2023: 7,936), representing a slight decrease of approximately 1.7%. The overall decrease in the number of course enrollments is mainly attributable to the significant decrease in the demand for driving courses of Large Vehicles especially, which has been our primary source of revenue accounting for approximately 69.1% of our total revenue for the year ended 31 December 2024, due to the continuing deterioration of the market conditions of the logistics industry as a result of the continuous US-China trade tensions and the lower threshold for existing Small Vehicles driving schools to enter into the sector of driving training services offering Large Vehicles driving courses which intensified the keen competition in the driving training services market. The number of course enrollments of Large Vehicles recorded a significant decrease of 18.7% from 4,035 for the year ended 31 December 2023 to 3,279 for the year ended 31 December 2024 which has offset the slight increase of the number of course enrollments of Small Vehicles of 1.9% from 5,269 for the year ended 31 December 2023 to 5,367 for the year ended 31 December 2024.

The overall number of course enrollments for standard courses of both Large Vehicles and Small Vehicles increased by approximately 130.0% from 3,046 for the year ended 31 December 2023 to 7,006 for the year ended 31 December 2024 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 2024.

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 2024, together with the comparative figures for the year ended 31 December 2023:

	For the year ended 31 December			
	2024		2023	
	<i>Number of</i>	<i>%</i>	<i>Number of</i>	<i>%</i>
	<i>course</i>		<i>course</i>	
	<i>enrollments</i>		<i>enrollments</i>	
Tong Tai School				
Large Vehicles				
- Standard courses	3,271	37.8	977	10.5
- Premium courses	8	0.1	3,058	32.9
Small Vehicles				
- Standard courses	3,019	34.9	928	9.9
- Premium courses	1,502	17.4	2,973	32.0
Shun Da School				
Small Vehicles				
- Standard courses	716	8.3	1,141	12.3
- Premium courses	130	1.5	227	2.4
Total	8,646	100.0	9,304	100.0
Course				
Total standard courses	7,006	81.0	3,046	32.7
Total premium courses	1,640	19.0	6,258	67.3
Total	8,646	100.0	9,304	100.0
Driving school				
Tong Tai School	7,800	90.2	7,936	85.3
Shun Da School	846	9.8	1,368	14.7
Total	8,646	100.0	9,304	100.0
Driving course				
Large Vehicles	3,279	37.9	4,035	43.4
Small Vehicles	5,367	62.1	5,269	56.6
Total	8,646	100.0	9,304	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 2024. The overall number of trainees who attended our driving courses for the year ended 31 December 2024 amounted to 10,450 (year ended 31 December 2023: 10,832), representing a slight decrease of approximately 3.5%. The total revenue of the Group for the year ended 31 December 2024 amounted to approximately RMB32.3 million (year ended 31 December 2023: approximately RMB39.9 million), also representing a decrease of approximately 19.0%. 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 for the year ended 31 December 2024 which offset the positive effect from the overall increase in the average course fees per hour for our driving courses as a result of the higher average course fees per hour for our standard courses with less training hours provided recognised as revenue for the year ended 31 December 2024. Our provision of driving training services for Large Vehicles continued to be our primary source of revenue, accounting for approximately 69.1% of our total revenue (year ended 31 December: 74.2%). Revenue generated from premium courses of Large Vehicles contributed to approximately 15.4% of our total revenue (year ended 31 December 2023: 69.0%) and revenue generated from standard courses of Large Vehicles contributed to approximately 53.0% of our total revenue (year ended 31 December 2023: 4.6%).

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 2024, together with the comparative figures for the year ended 31 December 2023:

	For the year ended 31 December					
	2024			2023		
	<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	2,921	17,126	53.0	410	1,848	4.6
- Premium courses	838	4,972	15.4	3,932	27,518	69.0
- Additional training services	N/A	223	0.7	N/A	222	0.6
Sub-total	3,759	22,321	69.1	4,342	29,588	74.2
Small Vehicles						
- Standard courses	3,607	3,174	9.9	2,042	976	2.4
- Premium courses	3,084	6,087	18.8	4,448	9,141	22.9
- Additional training services	N/A	715	2.2	N/A	179	0.5
Sub-total	6,691	9,976	30.9	6,490	10,296	25.8
Total	10,450	32,297	100.0	10,832	39,884	100.0

Future Development and Prospects

Tough challenges have continued to pose shadows over the business environment of the driving training industry throughout the year 2024, however, our Group still persist in exploring new sources of course enrollments as our core of work, as well as strengthening internal control and management as our basic principle, carefully analysing and judging the current situation and disciplines of the driving training services market, and adopting all possible methods and measures to increase the number of course enrollments to stabilise our economic income and ensure a rational market operation.

The Group believes that the major reasons for encountering difficulties in exploring new sources of course enrollments in the year 2024 are:

Regulatory changes were introduced by the PRC government relating to the setting-up of driving schools in the PRC since the third quarter of 2021, which lowered the threshold for existing Small Vehicles driving schools to enter into the sector of driving training services offering Large Vehicles which intensified the keen competition in the driving training services market. The number of driving schools has been increasing constantly since the third quarter of 2021, and the number of driving schools operating training and examination sites for Large Vehicles and Small Vehicles also increased at the same time, putting further pressure on Tong Tai School and Shun Da School. Under such an intense competitive environment, the number of course enrollments are progressively dispersed across various provinces. At the same time, some schools resorted to adopting disorderly price reduction measures to sustain the operation, thereby seriously disrupting the normal driving training services market and leading to an overall reduction in economic benefits in the driving training industry. Furthermore, large-scale private enterprises in the industry continued to step into the driving training services market, adopting vicious and capital-intensive competitive measures, and has directly led to the closure of certain small and medium-sized driving schools with relatively weak sources of funds.

In facing the news changes of the driving training services market, the Group has to adjust course fees through promotion to maintain market shares as well as to lower operating costs to maintain gross profit margin, which have resulted in a continuous decrease in revenues in the year 2024 as compared to the year 2023 while the number of course enrollments has remained stable.

We anticipate that due to the survival of a significant number of non-traditional driving schools in 2025, competition in the driving training industry will become more intensive. The limited availability of high-quality resources and trainees will inevitably lead to frequent price war. Traditional driving schools are facing shortages of resources and aging teaching facilities, while emerging internet-based and intelligent driving training schools are gaining prominence with advantages such as online and personalised training. Additionally, with the increasing popularity of new energy vehicles, the driving training industry needs to adapt to the driving characteristics of these vehicles and adjust course training curriculum and methods. Driving schools must offer diversified training courses and models to meet the personalised needs of different trainees.

To overcome the challenging environment, we will analyse the current situation and trends of the driving training market, persistently focus on course enrollments and exploring new sources as our core tasks. We will strengthen our internal control management, actively embrace new technologies, expand online business, and adopt all effective methods and measures to continuously increase the number of course enrollments, stabilise economic income, and ensure the reasonable operation of the market. We will be adopting the following overall strategies throughout the year 2025 to improve our business and operational performance:

Adapt to industry needs and cultivate a sales and marketing team

We plan to cultivate an online sales and marketing team by leveraging internet live streaming and social media platform such as TikTok to promote the Group's enrollment policies and educational advantages, thereby laying the publicity and brand building groundwork for increasing the number of course enrollments.

Increase capital investment and upgrade teaching facilities

We have acquired unique teaching simulators for subject 2 and subject 3 and plan to acquire new energy vehicles, which will help saving costs for driving training, mitigate the impact of price reductions on profit margin and improve the quality of the Group's driving training services. To address the diversified competitive landscape, we will boost our competitiveness through introducing new technologies and enhancing teaching quality.

Actively expand the market and increase potential revenue

Apart from focusing on the local market in Zhumadian City, we will also adopt approaches such as potential acquisitions, cooperations, and joint ventures to expand the course enrollment business. Tong Tai School has already negotiated cooperative operations with local driving schools and training institutions in Gansu and Xinjiang provinces. We will also complete the acquisition of some small-scale driving schools in the other counties to continuously expand our market share.

Leverage vocational training foundation to expand business training

Leveraging advantages of the vocational training focus on training senior technicians in the year 2025, we will organise specialised vocational training programs to increase the number of technician trainees aiming for annual growth in vocational training income so as to boost economic income.

Acquisition of parcel of land and construction of training fields

The Company will continue to actively locate a suitable land parcel and construct training fields in accordance with the future plans and use of proceeds as disclosed in the Prospectus. While it is our current intention to acquire a parcel of land and construct training fields, we will closely monitor the changing business environment faced by the Company and will consider other alternative uses if they would allow the Company to deploy its financial resources more effectively and to achieve better business performance.

In the year 2025, we will adopt flexible strategies to actively respond to the differentiated development and diversified competitive landscape of the driving training market, striving to achieve ideal economic results.

Financial Review

1. Overview

We recorded a decline in total revenue by RMB7.6 million (or approximately 19.0%) from RMB39.9 million for the year ended 31 December 2023 to RMB32.3 million for the year ended 31 December 2024. Our gross profit has decreased by RMB4.6 million (or approximately 54.1%) from RMB8.6 million for the year ended 31 December 2023 to RMB3.9 million for the year ended 31 December 2024. Gross profit margin has also decreased by 9.3 percentage points from 21.5% for the year ended 31 December 2023 to 12.2% for the year ended 31 December 2024.

The abovementioned decreases were offset by the income tax credit of approximately RMB5.3 million for the year ended 31 December 2024 as compared to the income tax credit of approximately RMB1.3 million for the year ended 31 December 2023 mainly due to the overprovision of income tax in prior years. As such, our overall financial performance for the year ended 31 December 2024 has slightly improved as compared to that for the year ended 31 December 2023. The net loss attributable to the owners of the Company remains stable at approximately RMB8.4 million for the years ended 31 December 2023 and 2024. We also recorded a net loss margin attributable to the owners of the Company of 21.1% and 25.9% for years ended 31 December 2023 and 2024, respectively.

2. Revenue

Our revenue decreased by approximately RMB7.6 million, or approximately 19.0% from RMB39.9 million for the year ended 31 December 2023 to RMB32.3 million for the year ended 31 December 2024. This decrease was mainly attributable to the significant decrease in revenue generated from the provision of driving training services for Large Vehicles of approximately RMB7.3 million and the slight decrease in revenue generated from the provision of driving training services for Small Vehicles of approximately RMB0.3 million. This decline in revenue is mainly attributable to the overall decrease in each of the number of trainees who attended our driving courses and the actual number of training hours for Large Vehicles provided by the Group during the year ended 31 December 2024 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, which has been our primary source of revenue accounting for approximately 69.1% of our total revenue for the year ended 31 December 2024, due to the continuing deterioration of the market conditions of the logistics industry as a result of the continuous US-China trade tensions and the lower threshold for existing Small Vehicles driving schools to enter into the sector of driving training services offering Large Vehicles driving courses which intensified the keen competition in the driving training services market.

The revenue generated from the provision of driving training services for Large Vehicles decreased by approximately RMB7.3 million, or approximately 24.6%, from approximately RMB29.6 million for the year ended 31 December 2023 to approximately RMB22.3 million for the year ended 31 December 2024. The overall decrease was mainly attributable to the effect of 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 4,342 and 257,796, respectively, for the year ended 31 December 2023 to 3,759 and 157,603, respectively, for the year ended 31 December 2024 which offset the positive effect from the increase in the average course fees per hour for our standard courses of Large Vehicles recognised as revenue during the year ended 31 December 2024 as a result of the increase in the number of trainees attended our standard courses of Large Vehicles with less training hours provided from 410 for the year ended 31 December 2023 to 2,921 for the year ended 31 December 2024 despite the number of trainees attended our premium courses of Large Vehicles decreased from 3,932 for the year ended 31 December 2023 to 838 for the year ended 31 December 2024.

The revenue generated from the provision of driving training services for Small Vehicles has slightly decreased by approximately RMB0.3 million, or approximately 3.1%, from approximately RMB10.3 million for the year ended 31 December 2023 to approximately RMB10.0 million for the year ended 31 December 2024. Such decrease was mainly attributable to the lower average course fees per hour recognised as revenue during the year ended 31 December 2024 due to the lower average course fees per hour contributed from additional training hours of our unique teaching simulators despite the increase in each of the number of trainees who attended our standard courses of Small Vehicles which contributed a higher gross profit margin and the actual number of training hours of our trainees of Small Vehicles. The overall number of trainees who attended our driving courses of Small Vehicles increased from 6,490 for the year ended 31 December 2023 to 6,691 for the year ended 31 December 2024 and the actual number of training hours of our trainees of Small Vehicles increased from 127,783 for the year ended 31 December 2023 to 128,585 for the year ended 31 December 2024.

3. Cost of services rendered

For the year ended 31 December 2024 and 2023, our Group's cost of services rendered amounted to approximately RMB28.4 million and RMB31.3 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 RMB3.0 million, or approximately 9.4%, from approximately RMB31.3 million for the year ended 31 December 2023 to approximately RMB28.4 million for the year ended 31 December 2024.

Employee benefit expenses decreased by approximately RMB2.4 million, or approximately 22.4%, from approximately RMB10.5 million for the year ended 31 December 2023 to approximately RMB8.2 million for the year ended 31 December 2024 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 and the actual number of driving instructors. Our fuel expenses decreased by approximately RMB2.5 million, or approximately 34.3%, from approximately RMB7.4 million for the year ended 31 December 2023 to approximately RMB4.9 million for the year ended 31 December 2024, in line with the decrease in the actual number of training hours of our trainees and the decrease in the occupation of training motor vehicles after introducing our new equipment of teaching simulators for subject 2 and subject 3. Our depreciation on property, plant and equipment and rights-of-use assets increased by approximately RMB1.5 million, or approximately 13.6%, from approximately RMB10.9 million for the year ended 31 December 2023 to approximately RMB12.4 million for the year ended 31 December 2024 as a result of the increase in fixed depreciation charges of our training field and training motor vehicles and the amortisation charges of right-of-use assets.

4. Gross profit and gross profit margin

Our overall gross profit from the provision of driving training services significantly decreased by approximately RMB4.6 million, or approximately 54.1%, from approximately RMB8.6 million for the year ended 31 December 2023 to approximately RMB3.9 million for the year ended 31 December 2024 in line with the decrease in the revenue. Our gross profit margin from the provision of driving training services decreased by approximately 9.3 percentage points from approximately 21.5% for the year ended 31 December 2023 to approximately 12.2% for the year ended 31 December 2024. Our overall decrease in gross profit and gross profit margin was mainly attributable to (i) the overall decrease 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 amortization charges of right-of-use assets which offset the positive effect from the overall increase in the average course fees per hour for our driving courses due to the increased number of trainees attended our standard courses of Large Vehicles.

Our gross profit for provision of driving training services for Large Vehicles decreased by approximately RMB3.3 million, or approximately 63.9%, from approximately RMB5.1 million for the year ended 31 December 2023 to approximately RMB1.8 million for the year ended 31 December 2024. Our gross profit margin from the provision of driving training services for Large Vehicles decreased by approximately 9.0 percentage points from approximately 17.3% for the year ended 31 December 2023 to approximately 8.3% for the year ended 31 December 2024. The decrease in both gross profit and gross profit margin was mainly attributable to (i) the overall decrease in each of the number of trainees who attended our driving courses and the actual number of training hours and (ii) the increase in 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 decreased by approximately RMB1.4 million, or approximately 39.6%, from approximately RMB3.5 million for the year ended 31 December 2023 to approximately RMB2.1 million for the year ended 31 December 2024. Our gross profit margin from the provision of driving training services for Small Vehicles decreased by approximately 12.6 percentage points from approximately 33.5% for the year ended 31 December 2023 to approximately 20.9% for the year ended 31 December 2024. The decrease in both gross profit and gross profit margin was mainly attributable to (i) the lower average course fees per hour from the revenue contributed from additional training hours of our unique teaching simulators and (ii) the increase in fixed depreciation charges of our training field, training motor vehicles and leasehold improvement.

5. Other income and losses, net

Our other income and losses, net decreased by approximately RMB0.2 million, or approximately 15.8%, from approximately RMB1.4 million for the year ended 31 December 2023 to approximately RMB1.2 million for the year ended 31 December 2024 which was mainly attributable to the decrease in income from issuance of certificate of qualification validation from approximately RMB0.4 million received for the year ended 31 December 2023 to nil for the year ended 31 December 2024 and the decrease in income on expiry of driving courses from approximately RMB0.5 million for the year ended 31 December 2023 to approximately RMB0.2 million for the year ended 31 December 2024 which was offset by the increase in government subsidies 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, from approximately RMB39,000 for the year ended 31 December 2023 to approximately RMB436,000 for the year ended 31 December 2024.

6. Selling and marketing expenses

Our selling and marketing expenses increased by approximately RMB0.1 million, or approximately 6.2%, from approximately RMB1.6 million for the year ended 31 December 2023 to approximately RMB1.7 million for the year ended 31 December 2024 which was mainly attributable to the increase in sales and marketing and promotion activities to capture the market share.

7. Administrative expenses

Our administrative expenses decreased by approximately RMB0.1 million, or approximately 0.5%, from approximately RMB13.9 million for the year ended 31 December 2023 to approximately RMB13.8 million for the year ended 31 December 2024 which was mainly attributable to the decrease in employees benefit expenses for administrative staff.

8. Finance costs

Our finance costs decreased by approximately RMB1.0 million, or approximately 22.5%, from approximately RMB4.2 million for the year ended 31 December 2023 to approximately RMB3.3 million for the year ended 31 December 2024 which was mainly attributable to the repayment of a bank borrowing during the period.

9. Income tax credit

We recorded an income tax credit for the year ended 31 December 2024 of approximately RMB5.3 million as compared to our income tax credit for the year ended 31 December 2023 of approximately RMB1.3 million, which was mainly attributable to the overprovision of income tax in prior years and the increase in deferred tax credit recognised for the tax loss and difference on depreciation of property, plant and equipment of our subsidiaries.

10. Loss and total comprehensive expense for the year

As a result of the above factors, we recorded the net loss attributable to the owners of the Company of approximately RMB8.4 million for the year ended 31 December 2024 as compared to the net loss attributable to the owners of the Company of approximately RMB8.4 million for the year ended 31 December 2023 which was mainly attributable to (i) the overall decrease in each of the number of trainees who attended our driving courses as well as the actual number of training hours; and (ii) the lower gross profit margin of Large Vehicles due to the fixed depreciation charges of our training field and training motor vehicles and the amortization charges of right-of-use assets, which was offset by the income tax credit recognised for the year ended 31 December 2024. Accordingly, we recorded a net loss margin attributable to the owners of the Company of 25.9% for the year ended 31 December 2024 as compared to the net loss margin attributable to the owners of the Company of 21.2% for the year ended 31 December 2023.

11. Liquidity and source of funding and borrowing

The Group's bank balances and cash decreased from approximately RMB152.4 million as at 31 December 2023 to approximately RMB120.9 million as at 31 December 2024, which was mainly attributable to the overall increase in cash outflows from the operating, investing and financing activities. The Group has concentration of credit risk arising from bank balances as there was a bank which individually contributed an amount of approximately RMB101.8 million (2023: RMB124.8 million), representing 84.2% (2023: 81.9%) of the Group's bank balances as at 31 December 2024. 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 (2023: RMB26.7 million) to the Group.

As at 31 December 2024, the current assets of the Group amounted to approximately RMB122.5 million, including approximately RMB120.9 million in bank balances and cash, and approximately RMB1.6 million in trade and other receivables, deposits and prepayments. The current liabilities of the Group amounted to approximately RMB75.2 million, including approximately RMB15.6 million in trade and other payables and accruals, approximately RMB12.7 million in contract liabilities, approximately RMB45.2 million in borrowings and approximately RMB1.6 million in lease liabilities. As at 31 December 2024, the current ratio of the Group, which is equivalent to the current assets divided by the current liabilities, was 1.63 (31 December 2023: 1.93).

As of 31 December 2024, the Group had aggregate interest-bearing borrowings of approximately RMB45.2 million which are repayable within one year as compared to 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 of 31 December 2023. The decrease in borrowings is mainly due to the repayment of a bank loan in June 2024.

12. Gearing ratio

As at 31 December 2024, 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 0.26 times (31 December 2023: 0.30 times).

13. Material investments

The Group did not make any material investments during the year ended 31 December 2024.

14. Material acquisitions and disposals

The Group did not make any material acquisitions and disposals during the year ended 31 December 2024.

15. Capital structure

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 Share 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 approximately HK\$4.4 million. The gross proceeds raised from the Rights Issue were approximately HK\$7.2 million and the net proceeds from the Rights Issue after deducting the relevant expenses were 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 partial repayment of the outstanding bank borrowings of the Group.

As at 31 December 2024, the Company's total number of issued Shares was 435,958,192 of HK\$0.01 each. On 23 October 2019, the Company issued 100,000,000 ordinary shares at HKD1.28 per offer share from the share offer. The use of proceeds from the share offer was for business expansion and general working capital.

16. Borrowings and pledge of assets

As of 31 December 2024, the Group had aggregate interest-bearing borrowings of approximately RMB45.2 million as compared to approximately RMB54.2 million as of 31 December 2023. The borrowings of RMB45.2 million are repayable within one year.

As of 31 December 2024, the Group's borrowings of approximately RMB45.2 million were at fixed interest rates. As of 31 December 2024, the current portion borrowings of the Group amounting to approximately RMB45.2 million were guaranteed and pledged by certain prepaid land lease payments/rightsof-use assets, office buildings and the operation rights of certain subsidiaries of the Group.

17. Contingent liabilities

As at 31 December 2024, 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.

18. Foreign exchange exposure

As at 31 December 2024, 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.

19. Employee and Remuneration Policy

As at 31 December 2024, we had 158 employees, representing a decrease from that of 210 employees as at 31 December 2023. 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 2024 was approximately RMB10.7 million (for the year ended 31 December 2023: approximately RMB13.3 million).

The following table sets forth the total number of Directors and employees by function as at 31 December 2024:

Function	<i>Number of employees</i>	<i>% of the total</i>
Directors	6	3.7
Driving instructors	77	48.7
Sale and marketing	21	13.3
Finance and accounting	5	3.2
Teaching affair office	12	7.6
Administration	32	20.3
Vehicle management	5	3.2
Total	<u>158</u>	<u>100.0</u>

SUBSEQUENT EVENTS

There are no material events subsequent to 31 December 2024 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 31 December 2024, a total of approximately HK\$45.0 million had been utilised by the Group according to the allocation set out hereinbelow:

	<i>% of net proceeds</i>	<i>Net proceeds from IPO HK\$'000</i>	<i>Utilisation during the period from the listing date (i.e 24 October 2019) to 31 December 2024 HK\$'000</i>	<i>Unutilised amount as at 31 December 2024 HK\$'000</i>	<i>Expected timeframe for intend use HK\$'000</i>
Acquisition of a parcel of land	45.7	49,547	-	49,547	By the end of December 2025
Construction of training fields	12.3	13,333	-	13,333	By the end of December 2025
Purchase of training vehicles	9.7	10,517	9,966	551	By the end of December 2025
Recruitment and training costs for 40 new driving instructors	9.6	10,408	10,408	-	
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	44,987	63,431	

The Board does not anticipate any changes to the intended use of net proceeds as previously disclosed in the Prospectus of the Company dated 11 October 2019.

Note: To increase our competitiveness, it is the Company's current intention to increase its training capacity by acquiring a parcel of land and constructing training fields in accordance with the future plans and use of proceeds as disclosed in the Prospectus. The Company believes that the new training fields will provide additional operational capacity which will allow Tong Tai School to offer desirable and flexible training hours for its trainees and attract new trainees in the future, which may strengthen the market position of Tong Tai School in the driving training industry. However, as a result of COVID-19 pandemic, there was insufficient commercial land supply during the years 2020 to 2024 and the Company had been unable to identify a suitable land parcel. The Company will continue to actively locate a suitable land parcel. While it is our current intention to acquire a parcel of land and construct training fields, we will closely monitor the changing business environment faced by the Company and will consider other alternative uses if they would allow the Company to deploy its financial resources more effectively and to achieve better business performance.

USE OF PROCEEDS FROM RIGHTS ISSUE

The net proceeds from the Rights Issue amounted to approximately HK\$6.1 million. The below table sets out the intended use of net proceeds and utilisation of the net proceeds as at 31 December 2024:

	<i>Intended use of proceeds HK\$'000</i>	<i>Amount of the net proceeds utilised as at 31 December 2024 HK\$'000</i>	<i>Balance of the net proceeds utilised as at 31 December 2024 HK\$'000</i>	<i>Expected Timeline for utilising the unutilised proceeds HK\$'000</i>
Part repayment of the outstanding bank borrowings of the Group	6,100	6,100	-	-

FINAL DIVIDEND

The Board does not recommend the payment of any dividend to Shareholders for the year ended 31 December 2024 (year ended 31 December 2023: Nil).

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

During the year ended 31 December 2024, 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 2024, 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 2024. 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 2024, 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 2024 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 2024 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 2024 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 (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;
“ Kai Yuan School ”	Zhumadian City Kaiyuan Vehicles Driver Training Company Limited* (駐馬店市開源機動車駕駛員培訓有限公司), a company established in the PRC with limited liability on 13 May 2016 and an indirect wholly-owned subsidiary of our Company;
“ 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 2025

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.