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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2025, together with the comparative figures for the six months ended 30 June 2024. Capitalised terms and certain technical terms shall have the meaning as defined in the paragraph headed "Definitions and Glossary of Technical Terms" in this announcement. The term "we", "us", and "our" refer to the Company and where the context otherwise requires, the Group.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE EXPENSE

		For the six months ended	
		30 June	30 June
		2025	2024
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)
Revenue	*4*	**17,061**	18,147
Cost of services rendered		**(14,412)**	(14,715)
Gross profit		**2,649**	3,432
Other income and losses, net	*6*	**59**	398
Selling and marketing expenses		**(939)**	(877)
Administrative expenses		**(6,176)**	(6,367)
Finance costs	*7*	**(1,385)**	(1,848)
Loss before income tax	*8*	**(5,792)**	(5,262)
Income tax credit	*9*	**1,003**	2,914
Loss and total comprehensive expense for the period attributable to the owners of the Company		**(4,789)**	(2,348)
Loss per share attributable to the owners of the Company	*11*		(Restated)
– Basic and diluted (RMB cents)		**(1.10)**	(0.55)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	*12*	**94,353**	94,045
Right-of-use assets	*13*	**41,938**	41,650
Prepayments for property, plant and equipment	*14*	**–**	4,190
Prepayment for acquisition of a subsidiary	*14*	**–**	3,900
		136,291	143,785
Current assets			
Trade and other receivables and prepayments	*14*	**1,304**	1,628
Bank balances and cash		**120,329**	120,913
		121,633	122,541
Current liabilities			
Trade and other payables and accruals	*15*	**16,985**	15,647
Contract liabilities		**10,314**	12,691
Tax liabilities		**–**	–
Lease liabilities	*16*	**1,588**	1,635
Borrowings		**43,230**	45,230
		72,117	75,203
Net current assets		**49,516**	47,338
Total assets less current liabilities		**185,807**	191,123

	Notes	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities	*16*	**2,274**	1,798
Borrowings		**–**	–
Deferred tax liabilities	*17*	**1,504**	2,507
		3,778	4,305
Net assets		**182,029**	186,818
EQUITY			
Equity attributable to the owners of the Company			
Share capital	*18*	**3,939**	3,939
Reserves		**178,090**	182,879
Total equity		**182,029**	186,818

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

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 condensed 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 condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standards ("HKASs") 34 "Interim Financial Report" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and these condensed 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").

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

The condensed consolidated financial statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2024 and therefore, do not include all of the information required in annual financial statements in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2024.

Basis of measurement

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

The condensed consolidated financial statements have not been audited.

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Application of amendments to HKFRSs effective from 1 January 2025

In the current interim period, 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 2025 for the preparation of the Group's condensed consolidated financial statement:

Amendments to HKAS 21	The effects of changes in foreign exchange rate – Lack of Exchangeability

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the condensed 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 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
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to Hong Kong Interpretation 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	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 for driving training services and recognised over time. Revenue recognised during the periods are as follows:

Analysed by types of courses:

	For the six months ended	
	30 June 2025	30 June 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Driving training service income		
Standard course	**13,428**	10,263
Premium course	**2,899**	7,713
Additional training fees	**734**	171
	17,061	18,147

Analysed by types of vehicles:

	For the six months ended	
	30 June 2025	30 June 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Driving training service income		
Large vehicles	**11,883**	13,607
Small vehicles	**5,178**	4,540
	17,061	18,147

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 period of the Group as a whole. Accordingly, no segmental analysis is presented.

Geographical information

No geographical segment information is presented as the Group's revenue is all derived from the PRC based on the location of services provided and all of the Group's non-current assets are located in the PRC by physical location of assets.

Information about major customers

The Group offers packaged driving courses for preparation for driving tests to a large number of individual customers. No individual customer accounted for over 10% of the Group's total revenue during both periods.

6. OTHER INCOME AND LOSSES, NET

	For the six months ended	
	30 June	30 June
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income	**58**	201
Income on expiry of driving courses withdrawn by trainees	**188**	231
Others	**116**	26
Loss on disposal of property, plant and equipment	**(300)**	(41)
Exchange loss, net	**(3)**	(19)
	59	398

7. FINANCE COSTS

	For the six months ended	
	30 June	30 June
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans	**1,325**	1,776
Interest on lease liabilities *(Note 16)*	**60**	72
	1,385	1,848

8. LOSS BEFORE INCOME TAX

	For the six months ended	
	30 June	30 June
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss before income tax has been arrived at after charging:		
Directors' remuneration	**614**	758
Other staff costs		
– Salaries and other allowances	**5,687**	6,005
– Retirement benefit scheme contributions	**649**	537
	6,950	7,300
Auditor's remuneration	**10**	10
Depreciation of:		
– Property, plant and equipment	**7,707**	5,535
– Right-of-use assets	**1,009**	1,426
Donations	**1**	–
Gasoline expenses	**1,984**	2,894

9. INCOME TAX CREDIT

	For the six months ended	
	30 June	30 June
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The PRC Enterprise Income Tax ("EIT")		
– Current year	**–**	–
– Over -provision in prior years	**–**	(2,874)
	–	(2,874)
Deferred tax credit	**(1,003)**	(40)
	(1,003)	(2,914)

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdiction in which members of the Group are domiciled and operated.

Pursuant to the applicable laws, rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax under these jurisdictions during both periods.

No provision for Hong Kong Profits Tax has been recognised during the six months ended 30 June 2024 and 2025 as the Group does not have income which arises in, or derived from, Hong Kong.

No provision for PRC EIT has been recognised in the consolidated financial statements during the six months ended 30 June 2025 as the Group did not have any assessable profits for the period (six months ended 30 June 2024: 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 RMB94,895,000 as at 30 June 2025 (six months ended 30 June 2024: RMB101,773,000), as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

10. DIVIDENDS

No dividend was paid/declared or proposed for ordinary shareholders of the Company during the interim period, nor has any dividend been proposed since the end of the reporting period (30 June 2024: 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:

	For the six months ended	
	30 June 2025	30 June 2024
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share (in RMB'000) (Unaudited)	**4,789**	2,348
Number of shares		(Restated)
Weighted average number of ordinary shares for the purpose of basic loss	**435,958,192**	425,740,532

The basic loss per share for the six months ended 30 June 2024 has 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 six months ended 30 June 2025 and 2024.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Leasehold improvements *RMB'000*	Equipment *RMB'000*	Furniture and fixtures *RMB'000*	Office equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
COST								
At 1 January 2024 (audited)	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 (audited)	**42,841**	**74,302**	**11,822**	**1,405**	**8,275**	**26,965**	**–**	**165,610**
Additions	–	7	–	–	214	200	4,190	4,611
Acquisition of a subsidiary	–	2,951	–	185	48	716	–	3,900
Disposals	–	–	–	–	–	(1,245)	–	(1,245)
Transfer from right-of-use assets	–	–	–	–	–	–	–	–
Transfer	–	4,190	–	–	–	–	(4,190)	–
At 30 June 2025 (unaudited)	**42,841**	**81,450**	**11,822**	**1,590**	**8,537**	**26,636**	**–**	**172,876**
ACCUMULATED DEPRECIATION								
At 1 January 2024 (audited)	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 (audited)	**12,716**	**26,770**	**9,803**	**1,004**	**2,746**	**18,526**	**–**	**71,565**
Provided for the period	1,255	3,563	1,208	116	439	1,126	–	7,707
Transfer from right-of-use assets	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	(749)	–	(749)
At 30 June 2025 (unaudited)	**13,971**	**30,333**	**11,011**	**1,120**	**3,185**	**18,903**	**–**	**78,523**
CARRYING VALUES								
At 30 June 2025 (unaudited)	**28,870**	**51,117**	**811**	**470**	**5,352**	**7,733**	**–**	**94,353**
At 31 December 2024 (audited)	**30,125**	**47,532**	**2,019**	**401**	**5,529**	**8,439**	**–**	**94,045**

13. RIGHT-OF-USE ASSETS

	Leasehold lands *RMB'000*	Building *RMB'000*	Motor vehicles *RMB'000* *Note*	Total *RMB'000*
COST				
At 1 January 2024 (audited)	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 (audited)	46,336	–	4,734	51,070
Additions	–	–	1,297	1,297
Transfer to property, plant and equipment	–	–	–	–
At 30 June 2025 (unaudited)	**46,336**	**–**	**6,031**	**52,367**
ACCUMULATED DEPRECIATION				
At 1 January 2024 (audited)	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 (audited)	8,280	–	1,140	9,420
Charges for the period	734	–	275	1,009
Transfer to property, plant and equipment	–	–	–	–
At 30 June 2025 (unaudited)	**9,014**	**–**	**1,415**	**10,429**
CARRYING VALUES				
At 30 June 2025 (unaudited)	**37,322**	**–**	**4,616**	**41,938**
At 31 December 2024 (audited)	38,056	–	3,594	41,650

Note:

As at 30 June 2025 and 31 December 2024, 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	**30 June 2025 RMB'000 (Unaudited)**	31 December 2024 RMB'000 (Audited)
Trade receivables	*(a)*	**119**	67
Other receivables		**2,390**	1,629
Less: allowance for expected credit loss		**(1,428)**	(1,428)
Other receivables, net of expected credit loss		**962**	201
Prepayments	*(b)*	**223**	9,450
		1,304	9,718
Less: Prepayments classified as non-current assets			
– acquisition of a subsidiary	*(b)*	**–**	(3,900)
– property, plant and equipment	*(b)*	**–**	(4,190)
Current portion		**1,304**	1,628

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:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
0 – 30 days	**119**	67

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 and renovation fee of approximately RMB4,190,000 paid for the renovation of new driving school training ground and interior decoration of the subsidiary to be acquired which were subsequently completed in March 2025.

15. TRADE AND OTHER PAYABLES AND ACCRUALS

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables *(Note)*	**1,415**	1,158
Construction costs payables	**2,394**	3,104
Accrued salaries and other staff cost	**3,699**	2,675
Accrued directors' remuneration	**3,176**	2,756
Examination fees payables	**1,066**	1,139
Other tax payables	**1,124**	1,167
Other payables	**4,111**	3,648
	16,985	15,647

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.

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 – 60 days	**448**	733
61 – 90 days	**366**	130
91 – 120 days	**201**	108
121 – 365 days	**213**	–
Over 365 days	**187**	187
	1,415	1,158

16. LEASE LIABILITIES

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

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 *RMB'000* (Audited)
Lease liabilities payable:		
Within one year	**1,816**	1,854
Within a period of more than one year but not exceeding two years	**1,221**	932
Within a period of more than two years but not exceeding five years	**1,099**	909
Over five years	**197**	197
	4,333	3,892
Less: Future finance charges	**(471)**	(459)
Present value of lease liabilities	**3,862**	3,433
Less: Amounts due for settlement within twelve months from the end of the reporting period (shown under current liabilities)	**(1,588)**	(1,635)
Amounts due for settlement after twelve months from the end of the reporting period	**2,274**	1,798

The weighted average incremental borrowing rates applied to lease liabilities range from 5.4% to 12.8% (2024: 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 six months ended 30 June 2025:

	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 2024 (audited)	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 (audited)	332	(348)	343	1,452	2,649	(1,921)	2,507
Charged/(credited) to profit or loss	(35)	30	(343)	(73)	234	(816)	(1,003)
At 30 June 2025 (unaudited)	**297**	**(318)**	**–**	**1,379**	**2,883**	**(2,737)**	**1,504**

18. SHARE CAPITAL

	Number of Share	Shares capital *RMB'000*
Ordinary shares of HK$0.01 each		
Authorised		
At 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	10,000,000,000	90,179
Issued and fully paid		
At 1 January 2024	400,000,000	3,608
Issuance of shares upon the Rights Issue *(Note)*	35,958,192	331
At 31 December 2024 and 30 June 2025	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. Details of the Rights Issue are set forth in the Company's announcement dated 16 January 2024, 23 January 2024, 7 March 2024 and 19 March 2024, and the prospectus of the Company dated 20 February 2024.

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. 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. In March 2025, we acquired Xin Cai School, a qualified level II driving school in Zhumadian City. Xin Cai School was established in 2024 and currently offers driving training services for preparation for driving tests of Small Vehicles and certain types of Large Vehicles. This acquisition did not constitute a notifiable transaction under the Listing Rules.

Tong Tai School, Shun Da School, Kai Yuan School and Xin Cai 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 and first half of 2025, our overall number of course enrollments and number of trainees attended our driving courses of both Large and Small Vehicles rebounded and improved. However, our financial performance continued to be adversely affected by 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. With the aim to reducing the keen competition and capturing market share, we adopted an operational strategy to acquire other driving schools in Zhumadian City and nearby cities and have acquired Kai Yuan School in November 2024 and Xin Cai School in March 2025.

Our total number of course enrollments recorded an overall increase of 31.6% from 4,736 for the six months ended 30 June 2024 to 6,232 for the six months ended 30 June 2025. Both Tong Tai School and Shun Da School marked growth in the overall number of course enrollments for the six months ended 30 June 2025, as comparing to that for the six months ended 30 June 2024. The total number of course enrollments of Shun Da School amounted to 608 (six months ended 30 June 2024: 511), representing an increase of approximately 19.0% due to the increasing demand of course enrollments of driving course of Small Vehicles. The total number of course enrollments of Tong Tai School amounted to 4,707 (six months ended 30 June 2024: 4,225), representing an increase of approximately 11.4% which is mainly attributable to the increase in the demand for driving courses of Small Vehicles despite the demand for driving courses of Large Vehicles slightly declined by 2.4% from 1,696 for the six months ended 30 June 2024 to 1,655 for the six months ended 30 June 2025, which has still been our primary source of revenue accounting for approximately 69.6% of our total revenue for the six months ended 30 June 2025. In addition, we acquired two driving schools, Kai Yuan School and Xin Cai School since November 2024 and March 2025, respectively, and the total number of course enrollments of Kai Yuan School and Xin Cai School amounted to 689 and 228, respectively, for the six months ended 30 June 2025. The overall number of course enrollments of driving course of Large Vehicles and Small Vehicles recorded an increase of 13.1% from 1,696 for the six months ended 30 June 2024 to 1,918 for the six months ended 30 June 2025 and a significant increase of 41.9% from 3,040 for the six months ended 30 June 2024 to 4,314 for the six months ended 30 June 2025, respectively.

The overall number of course enrollments for standard courses of Large Vehicles and Small Vehicles increased by approximately 92.2% from 3,211 for the six months ended 30 June 2024 to 6,173 for the six months ended 30 June 2025 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 and acquisition of Kai Yuan School and Xin Cai School throughout the second half of 2024 and first half of 2025.

The overall number of course enrollments for premium courses of both Large Vehicles and Small Vehicles decreased by approximately 96.1% from 1,525 for the six months ended 30 June 2024 to 59 for the six months ended 30 June 2025, 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 following table sets out a breakdown of the number of course enrollments by our trainees and by types of courses for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024:

	For the six months ended 30 June			
	2025		2024	
	Number of course enrollments	***%***	*Number of course enrollments*	*%*
Tong Tai School				
Large Vehicles				
– Standard courses	**1,655**	**26.5**	1,689	35.7
– Premium courses	**–**	**–**	7	0.1
Small Vehicles				
– Standard courses	**2,993**	**48.0**	1,141	24.1
– Premium courses	**59**	**0.9**	1,388	29.3
Shun Da School				
Small Vehicles				
– Standard courses	**608**	**9.8**	381	8.0
– Premium courses	**–**	**–**	130	2.8
Kai Yuan School				
Large Vehicles				
– Standard courses	**166**	**2.7**	–	–
Small Vehicles				
– Standard courses	**523**	**8.4**	–	–
Xin Cai School				
Large Vehicles				
– Standard courses	**97**	**1.6**	–	–
Small Vehicles				
– Standard courses	**131**	**2.1**	–	–
Total	**6,232**	**100.0**	4,736	100.0

	For the six months ended 30 June			
	2025		2024	
	Number of course enrollments	***%***	*Number of course enrollments*	*%*
Course				
Total standard courses	**6,173**	**99.1**	3,211	67.8
Total premium courses	**59**	**0.9**	1,525	32.2
Total	**6,232**	**100.0**	4,736	100.0
Driving school				
Tong Tai School	**4,707**	**75.4**	4,225	89.2
Shun Da School	**608**	**9.8**	511	10.8
Kai Yuan School	**689**	**11.1**	–	–
Xin Cai School	**228**	**3.7**	–	–
Total	**6,232**	**100.0**	4,736	100.0
Driving course				
Large Vehicles	**1,918**	**30.8**	1,696	35.8
Small Vehicles	**4,314**	**69.2**	3,040	64.2
Total	**6,232**	**100.0**	4,736	100.0

We recorded a significant increase by approximately 31.4% in the number of trainees attended our driving courses but adversely our total revenue recorded an overall decrease of approximately 6.0%. The overall number of trainees who attended our driving courses for the six months ended 30 June 2025 amounted to 7,188 (for the six months ended 30 June 2024: 5,469), representing a significant increase of approximately 31.4%. The total revenue of the Group for the six months ended 30 June 2025 amounted to approximately RMB17.1 million (for the six months ended 30 June 2024: approximately RMB18.1 million), representing a decrease of approximately 6.0%.

The overall decrease in revenue was attributable to a decrease in the actual number of training hours of our trainees for the six months ended 30 June 2025 which offset the positive effect from the overall increase in each of the number of trainees who attended our driving courses and in the average course fees per hour for our driving courses of both Large and Small Vehicles as a result of the higher average course fees per hour for our standard courses with less or without training hours provided recognised as revenue for the six months ended 30 June 2025. Our provision of driving training services for Large Vehicles continued to be our primary source of revenue, accounting for approximately 69.6% of our total revenue (six months ended 30 June: 75.0%). Revenue generated from premium courses of Large Vehicles contributed to approximately 8.9% of our total revenue (six months ended 30 June 2024: 20.0%) and revenue generated from standard courses of Large Vehicles contributed to approximately 59.6% of our total revenue (six months ended 30 June 2024: 54.5%).

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 six months ended 30 June 2025, together with the comparative figures for the six months ended 30 June 2024:

	For the six months ended 30 June					
	2025			2024		
	Number of trainees attended	**RMB'000**	*%*	*Number of trainees attended*	*RMB'000*	*%*
Large Vehicles						
– Standard courses	**2,049**	**10,173**	**59.6**	1,657	9,897	54.5
– Premium courses	**258**	**1,516**	**8.9**	649	3,628	20.0
– Additional training services	**N/A**	**194**	**1.1**	N/A	82	0.5
Sub-total	**2,307**	**11,883**	**69.6**	2,306	13,607	75.0
Small Vehicles						
– Standard courses	**4,257**	**3,255**	**19.1**	997	366	2.0
– Premium courses	**624**	**1,383**	**8.1**	2,166	4,085	22.5
– Additional training services	**N/A**	**540**	**3.2**	N/A	89	0.5
Sub-total	**4,881**	**5,178**	**30.4**	3,163	4,540	25.0
Total	**7,188**	**17,061**	**100.0**	5,469	18,147	100.0

Future Development and Prospects

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 for Large Vehicles, thus intensifying the keen competition in such 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, which posed further pressure on Tong Tai School and Shun Da School. In addition, the continuous US-China trade tensions as well as the tariff policies implemented in the first half of 2025 intensified the keen competition in the driving training services market, and in turn led to the decrease in the demand for driving courses, particularly on the number of course enrollments of Large Vehicles driving courses. In retrospect, in the first half of 2025, with the intensified competition in the driving training industry, the industry witnessed a persistent downtrend in prices in general. Furthermore, most driving schools across the industry reported their underperformance in course enrollments as compared with the previous year, with an increasing number of them being on the verge of closure. Industry associations and stakeholders have called for collective actions to adopt the anti-involution initiatives. These efforts were intended to allow the industry to survive amid the balanced ambience. As a result, the pace of decline of the Group had moderated, and the number of course enrollments for both Large and Small Vehicles in the first half of 2025 increased as compared with the first half of 2024.

Meanwhile, with the gradual booming of the emerging low-altitude economy, several driving schools with desirable conditions in the industry began exploring unmanned vehicles training programs by leveraging their existing premises to fill the gap of their operations caused by the decline in traditional driving trainings, thereby marking new prospects for the transformation and upgrading of driving schools.

Considering our actual situations, we will focus on the following key initiatives in the second half of 2025:

1. We will continue to optimize internal operations in order to reduce costs and improve efficiency. This includes further deepening and expansion of the intelligent teaching to minimize labor force required for cost reduction, which not only standardizes the teaching process but also better aligns with the habits of youngsters, thereby improving their learning efficiency. At the same time, we will continuously promote the diversification of our marketing strategies. With the growing popularity of new media, we plan to intensify our online marketing efforts, gradually transform towards cross-regional and cross-temporal online marketing and promotion models that will amplify our market influence.

2. We will seize the right opportunity to expand into unmanned vehicles training, thereby broadening our scope of education and training as well as exploring new domains of training. Without incurring excessive additional costs, we will try to commence pilot programs in the industry of unmanned vehicles training as a new area of vocational educations and trainings and proactively fulfil the necessary formalities and regulatory filings of trainings, thereby laying the foundation for a new source of revenue.

3. We will take advantage of the tipping point of industry to implement regional joint operations. The current industry landscape is an optimal moment for carrying out joint ventures and business consolidation. The consolidation cost is lower as compared with two years ago. Any success in the regional integration can ensure the market prices to stay healthy, the course enrollments to grow on a steady basis and our market share to further expand, thereby making a substantial breakthrough in the operating revenue of the Group in general.

4. We will actively seek multi-regional partnerships, particularly with enterprises in regions of higher asking prices, in order to enhance the profitability of the Group. As a Large Vehicles driving school, we operate in a nationally competitive landscape. Across the country, policies on driving trainings and rates of tuition fees for driving trainees differ from province to province. Currently, the highest rates are found in the northwestern regions such as Xinjiang and Gansu, while inland provinces such as Hunan and Guangxi also maintain relatively high fee levels for Large Vehicles driving training. In response to current market circumstances, we consider to seek for partnerships in multiple forms in these higher-rate regions to achieve breakthroughs in high-margin regions beyond our core markets.

As industry turbulence intensifies in 2025, the Group shall seize the opportunities to act swiftly for market consolidation, proactively establish the regional leadership of Zhumadian as a core market while realizing multi-regional partnerships in higher-rate regions.

Financial Review

1. Overview

Our overall financial performance for the six months ended 30 June 2025 has deteriorated as compared to that for the six months ended 30 June 2024. We recorded a decline in total revenue by approximately RMB1.1 million (or approximately 6.0%) from approximately RMB18.1 million for the six months ended 30 June 2024 to RMB17.1 million for the six months ended 30 June 2025. Our gross profit has decreased by approximately RMB0.8 million (or approximately 22.8%) from approximately RMB3.4 million for the six months ended 30 June 2024 to approximately RMB2.6 million for the six months ended 30 June 2025. Gross profit margin has also decreased by 3.4 percentage points from 18.9% for the six months ended 30 June 2024 to 15.5% for six months ended 30 June 2025. Our loss before tax has slightly increased by approximately RMB0.5 million (or approximately 10.1%) from approximately RMB5.3 million for the six months ended 30 June 2024 to approximately RMB5.8 million for the six months ended 30 June 2025. However, the net loss attributable to the owners of the Company has been further increased from approximately RMB2.3 million for the six months ended 30 June 2024 to approximately RMB4.8 million for the six months ended 30 June 2025 which is attributable to the decrease in income tax credit for the six months ended 30 June 2025 from approximately RMB2.9 million to approximately RMB1.0 million for the six months ended 30 June 2025 due to the overprovision of income tax in prior years which has been recognised as income tax credit for the six months ended 30 June 2024. Consequently, we recorded a net loss margin attributable to the owners of the Company of 28.1% for the six months ended 30 June 2025 as compared to the net loss margin attributable to the owners of the Company of 12.9% for the six months ended 30 June 2024.

2. *Revenue*

Our overall revenue decreased by approximately RMB1.1 million, or approximately 6.0% from RMB18.1 million for the six months ended 30 June 2024 to RMB17.1 million for the six months ended 30 June 2025. This decrease was mainly attributable to the decrease in revenue generated from the provision of driving training services for Large Vehicles of approximately RMB1.7 million which offset the positive effect from the increase in revenue generated from the provision of driving training services for Small Vehicles of approximately RMB0.6 million. This decline in revenue is mainly attributable to the decrease in the actual number of training hours for both Large Vehicles and Small Vehicles provided by the Group during the six months ended 30 June 2025 due to the significant increase in the demand for standard courses of driving courses for Large Vehicles and Small Vehicles with less or without training hours despite 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 RMB1.7 million, or approximately 12.7%, from approximately RMB13.6 million for the six months ended 30 June 2024 to approximately RMB11.9 million for the six months ended 30 June 2025. The overall decrease was mainly attributable to the effect of the decrease in the actual number of training hours of our trainees of Large Vehicles from 94,032 for the six months ended 30 June 2024 to 75,700 for the six months ended 30 June 2025 which offset the positive effect from the increase in each of the number of trainees who attended our driving courses of Large Vehicles from 2,306 for the six months ended 30 June 2024 to 2,307 for the six months ended 30 June 2025 and in the average course fees per hour for our standard courses of Large Vehicles recognised as revenue during the six months ended 30 June 2025 as a result of the increase in the number of trainees attended our standard courses of Large Vehicles with less or without training hours provided from 1,657 for the six months ended 30 June 2024 to 2,049 for the six months ended 30 June 2025 despite the number of trainees attended our premium courses of Large Vehicles decreased from 649 for the six months ended 30 June 2024 to 258 for the six months ended 30 June 2025.

The revenue generated from the provision of driving training services for Small Vehicles increased by approximately RMB0.6 million, or approximately 14.1%, from approximately RMB4.5 million for the six months ended 30 June 2024 to approximately RMB5.2 million for the six months ended 30 June 2025. The overall increase was mainly attributable to the net effect of the decrease in the actual number of training hours of our trainees of Small Vehicles from 60,280 for the six months ended 30 June 2024 to 41,779 for the six months ended 30 June 2025 and the positive effect from the increase in each of the number of trainees who attended our driving courses of Small Vehicles from 3,163 for the six months ended 30 June 2024 to 4,881 for the six months ended 30 June 2025 and the average course fees per hour for our driving courses of Small Vehicles recognised as revenue during the six months ended 30 June 2025 as a result of the significant increase in the number of trainees attended our standard courses of Small Vehicles with less or without training hours provided from 997 for the six months ended 30 June 2024 to 4,257 for the six months ended 30 June 2025 despite the number of trainees attended our premium courses of Small Vehicles decreased from 2,166 for the six months ended 30 June 2024 to 624 for the six months ended 30 June 2025.

3. Cost of services rendered

For the six months ended 30 June 2025 and 2024, our Group's cost of services rendered amounted to approximately RMB14.4 million and RMB14.7 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 RMB0.3 million, or approximately 2.1%, from approximately RMB14.7 million for the six months ended 30 June 2024 to approximately RMB14.4 million for the six months ended 30 June 2025.

Employee benefit expenses decreased by approximately RMB0.3 million, or approximately 7.9%, from approximately RMB4.4 million for the six months ended 30 June 2024 to approximately RMB4.0 million for the six months ended 30 June 2025 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 as a result of the application of our unique teaching simulators. Our fuel expenses decreased by approximately RMB0.9 million, or approximately 31.4%, from approximately RMB2.9 million for the six months ended 30 June 2024 to approximately RMB2.0 million for the six months ended 30 June 2025, in line with the decrease in the actual number of training hours of our trainees and is attributable to the application of our unique teaching simulators and acquisition of the new energy training Small Vehicles. Our depreciation on property, plant and equipment and rights-of-use assets increased by approximately RMB1.1 million, or approximately 18.5%, from approximately RMB6.0 million for the six months ended 30 June 2024 to approximately RMB7.1 million for the six months ended 30 June 2025 as 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 decreased by approximately RMB0.8 million, or approximately 22.8%, from approximately RMB3.4 million for the six months ended 30 June 2024 to approximately RMB2.6 million for the six months ended 30 June 2025 in line with the decrease in the revenue. Our gross profit margin from the provision of driving training services decreased by approximately 3.4 percentage points from approximately 18.9% for the six months ended 30 June 2024 to approximately 15.5% for the six months ended 30 June 2025. Our overall decrease in gross profit and gross profit margin was mainly attributable to (i) the decrease in the actual number of training hours and (ii) the increase in 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 increase in the average course fees per hour for our driving courses for both Large and Small Vehicles due to the increased number of trainees attended our standard courses of Large and Small Vehicles with higher gross profit margin.

Our gross profit for provision of driving training services for Large Vehicles decreased by approximately RMB1.5 million, or approximately 64.6%, from approximately RMB2.3 million for the six months ended 30 June 2024 to approximately RMB0.8 million for the six months ended 30 June 2025. Our gross profit margin from the provision of driving training services for Large Vehicles decreased by approximately 10.1 percentage points from approximately 17.1% for the six months ended 30 June 2024 to approximately 7.0% for the six months ended 30 June 2025. The decrease in both gross profit and gross profit margin was mainly attributable to the decrease in the actual number of training hours and the increase in fixed depreciation charges of our training field and training motor vehicles and the amortisation charges of right-of-use assets which offset the positive effect of the increased average course fee per hour.

Our gross profit for provision of driving training services for Small Vehicle increased by approximately RMB0.7 million, or approximately 65.9%, from approximately RMB1.1 million for the six months ended 30 June 2024 to approximately RMB1.8 million for the six months ended 30 June 2025. Our gross profit margin from the provision of driving training services for Small Vehicles increased by approximately 11.0 percentage points from approximately 24.2% for the six months ended 30 June 2024 to approximately 35.2% for the six months ended 30 June 2025. The increase in both gross profit and gross profit margin was mainly attributable to (i) the higher average course fees per hour due to the significant increase in the number of trainees attended our standard course of Small Vehicles which contributed higher gross profit margin, (ii) decrease in employee benefit expenses paid to our driving instructors for Small Vehicles as a result of the application of our unique teaching simulators and (iii) fuel expenses incurred for Small Vehicles were decreased as a result of the acquisition of new energy training vehicles.

5. *Other income and losses, net*

Our other income and losses, net decreased by approximately RMB0.3 million, or approximately 85.2%, from approximately RMB0.4 million for the six months ended 30 June 2024 to approximately RMB0.1 million for the six months ended 30 June 2025 which was mainly attributable to the increase in loss on disposal of training motor vehicles of Large Vehicles and Small Vehicles from approximately RMB41,000 for the six months ended 30 June 2024 to approximately RMB0.3 million for the six months ended 30 June 2025.

6. *Selling and marketing expenses*

Our selling and marketing expenses is stable at approximately RMB0.9 million for the six months ended 30 June 2024 and 2025.

7. *Administrative expenses*

Our administrative expenses decreased by approximately RMB0.2 million, or approximately 3.0%, from approximately RMB6.4 million for the six months ended 30 June 2024 to approximately RMB6.2 million for the six months ended 30 June 2025 which was mainly attributable to the decrease in employee benefit expenses paid to our administrative staff.

8. *Finance costs*

Our finance costs decreased by approximately RMB0.5 million, or approximately 25.1%, from approximately RMB1.8 million for the six months ended 30 June 2024 to approximately RMB1.4 million for the six months ended 30 June 2025 which was mainly attributable to the repayment of a bank borrowing during the period.

9. *Income tax credit*

Our income tax credit decreased by approximately RMB1.9 million, or approximately 65.6%, from approximately RMB2.9 million for the six months ended 30 June 2024 to approximately RMB1.0 million for the six months ended 30 June 2025 which was mainly attributable to the overprovision of income tax in prior years of approximately RMB2.9 million recognised during the six months ended 30 June 2024 which offset the positive effect from 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 period

As a result of the above factors, we recorded the loss before income tax of approximately RMB5.8 million for the six months ended 30 June 2025 as compared to the loss before income tax of approximately RMB5.3 million for the six months ended 30 June 2024 and we recorded the net loss attributable to the owners of the Company of approximately RMB4.8 million for the six months ended 30 June 2025 as compared to the net loss attributable to the owners of the Company of approximately RMB2.3 million for the six months ended 30 June 2024 which was mainly attributable to the income tax credit recognised for the six months ended 30 June 2024. Accordingly, we recorded a net loss margin attributable to the owners of the Company of 28.1% for the six months ended 30 June 2025 as compared to the net loss margin attributable to the owners of the Company of 12.9% for the six months ended 30 June 2024.

11. Liquidity and source of funding and borrowing

The Group's bank balances and cash decreased from approximately RMB120.9 million as at 31 December 2024 to approximately RMB120.3 million as at 30 June 2025, which was mainly attributable to the cash inflows from the operating activities which was offset by the outflows from the investing and financing activities during the period. The Group has concentration of credit risk arising from bank balances as there was a bank which individually contributed an amount of approximately RMB119.8 million (2024: RMB101.8 million), representing 99.6% (2024: 84.2%) of the Group's bank balances as at 30 June 2025. 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 as at 30 June 2025 (2024: RMB26.7 million) to the Group.

As at 30 June 2025, the current assets of the Group amounted to approximately RMB121.6 million, including approximately RMB120.3 million in bank balances and cash, and approximately RMB1.3 million in trade and other receivables, deposits and prepayments. The current liabilities of the Group amounted to approximately RMB72.1 million, including approximately RMB17.0 million in trade and other payables and accruals, approximately RMB10.3 million in contract liabilities, approximately RMB43.2 million in borrowings and approximately RMB1.6 million in lease liabilities. As at 30 June 2025, the current ratio of the Group, which is equivalent to the current assets divided by the current liabilities, was 1.69 (31 December 2024: 1.63).

As of 30 June 2025, the Group had aggregate interest-bearing borrowings of approximately RMB43.2 million which are repayable within one year as compared to approximately RMB45.2 million which are repayable within one year as of 31 December 2024. The decrease in borrowings is mainly due to the repayment of a bank loan in June 2025.

12. Gearing ratio

As at 30 June 2025, 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 2024: 0.26 times).

13. Material investments

The Group did not make any material investments during the six months ended 30 June 2025.

14. Material acquisitions and disposals

The Group did not make any material acquisitions and disposals during the six months ended 30 June 2025.

15. Borrowings and pledge of assets

As of 30 June 2025, the Group had aggregate interest-bearing borrowings of approximately RMB43.2 million as compared to approximately RMB45.2 million as of 31 December 2024. The borrowings of RMB43.2 million are repayable within one year.

As of 30 June 2025, the Group's borrowings of approximately RMB43.2 million were at fixed interest rates. As of 30 June 2025, the current portion borrowings of the Group amounting to approximately RMB43.2 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 30 June 2025, 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 30 June 2025, 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 benefits*

As at 30 June 2025, we had 171 employees, representing an increase from that of 158 employees as at 31 December 2024. The number of employees employed by the Group varies from time to time depending on need. Employees' remuneration is determined in accordance with prevailing industry practice and employees' working experiences and performance. The remuneration policy and package of the Group's employees are periodically reviewed. As required by the PRC laws and regulations, the Company participates in various employee social security plans for its employees that are administered by local governments, including among others, housing provident funds, pensions, medical insurance, social insurance and unemployment insurance.

Compensation of key executives of the Group is determined by the Company's remuneration committee which reviews and recommends to the Board of Directors the executives' compensation based on the Group's performance and the executives' respective contributions to the Group.

The Company has also adopted a share option scheme. For details, please refer to the section headed "Statutory and General Information – D. Share Option Scheme" in Appendix V to the Prospectus.

The total employees benefit expenses incurred by the Group for the six months ended 30 June 2025 was approximately RMB7.0 million (six months ended 30 June 2024: approximately RMB7.3 million).

The following table sets forth the total number of Directors and employees by function as at 30 June 2025:

	Number of employees	*% of the total*
Function		
Directors	6	3.5
Driving instructors	85	49.7
Sale and marketing	21	12.3
Finance and accounting	6	3.5
Teaching affair office	15	8.8
Administration	35	20.5
Vehicle management	3	1.7
Total	171	100.0

SUBSEQUENT EVENTS

There are no material events subsequent to 30 June 2025 which would materially affect the operating and financial performance of the Group as of the date of this announcement.

USE OF PROCEEDS

On 24 October 2019, the Shares were listed on the Main Board of the Stock Exchange. The net proceeds from the IPO were approximately HK$108.4 million after deducting the underwriting fees, the Stock Exchange trading fee, Securities and Future Commission transaction levy for the new shares in the Company and the listing and other expenses in connection with the IPO.

As at 30 June 2025, a total of approximately HK$45.5 million had been utilised by the Group according to the allocation set out hereinbelow:

	% of net proceeds *HK$'000*	**Net proceeds from IPO** *HK$'000*	**Utilisation during the period from the listing date (i.e 24 October 2019) to 30 June 2025** *HK$'000*	**Unutilised amount as at 30 June 2025** *HK$'000*	**Expected timeframe for intend use**
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	10,517	–	
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	45,538	62,880	

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.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend to Shareholders for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

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

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

1. Compliance with the code provisions set out in the Corporate Governance Code

The Company is committed to maintaining a high corporate governance standard to enhance the transparency, accountability and corporate value of the Company and safeguard the interests of the Shareholders. The Company has adopted the principles and code provisions in the Corporate Governance Code as fundamental guidelines for the corporate governance practices of the Company.

During the six months ended 30 June 2025, 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 unaudited consolidated financial statements of the Group for the six months ended 30 June 2025. The Audit Committee is of the view that such results complied with the applicable accounting standards and requirements under the Listing Rules and other applicable legal and regulatory requirements.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange at (www.hkexnews.hk) and the website of the Company at (www.china-oriented.com). The interim report of the Group for the six months ended 30 June 2025 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 C1 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 C3 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;
"RMB"	Renminbi, the lawful currency of the PRC;
"Shareholder(s)"	holders of the Shares;

“Shares”	ordinary share(s) with a nominal value of HK$0.01 each in the share capital of our Company, which are traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange;
“Shun Da School”	Suiping County Shunda Driver Training Company Limited* (遂平縣順達駕駛員培訓有限公司), a company established in the PRC with limited liability on 25 December 2012 and an indirect wholly-owned subsidiary of our Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tongtai Cultural”	Zhumadian Tongtai Cultural Media Company Limited*(駐馬店通泰文化傳媒有限公司), a company established in the PRC with limited liability on 2 June 2016 and an indirect wholly-owned subsidiary of the Company;
“Tong Tai School”	Zhumadian Tongtai Large Vehicles Driver Training Company Limited* (駐馬店通泰大型機動車駕駛員培訓有限公司), a company established in the PRC with limited liability on 24 April 2014 and an indirect wholly-owned subsidiary of our Company; and
“Xin Cai School”	Xincai County Yangchengguang Motor Vehicle Driving Training Company Limited* (新蔡縣陽辰光機動車駕駛培訓有限公司), a company established in the PRC with limited liability on 29 November 2024 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

28 August 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.