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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2023, together with the comparative figures for the six months ended 30 June 2022. 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 (LOSS)/INCOME**

		For the six months ended	
	<i>Notes</i>	30 June 2023	30 June 2022
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Revenue	4	23,425	31,455
Cost of services rendered		<u>(17,077)</u>	<u>(21,087)</u>
Gross profit		6,348	10,368
Other income and losses, net	6	863	960
Selling and marketing expenses		(951)	(1,640)
Administrative expenses		(6,654)	(7,094)
Finance costs	7	<u>(2,290)</u>	<u>(2,336)</u>
(Loss)/profit before income tax	8	(2,684)	258
Income tax expense	9	<u>(568)</u>	<u>(199)</u>
(Loss)/profit and total comprehensive (loss)/income for the period attributable to the owners of the Company		<u>(3,252)</u>	<u>59</u>
(Loss)/earnings per share attributable to the owners of the Company			
– Basic and diluted (RMB cents)	11	<u>(0.81)</u>	<u>0.01</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2023	As at 31 December 2022
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Non-current assets			
Property, plant and equipment	<i>12</i>	67,517	72,735
Right-of-use assets	<i>13</i>	46,427	46,938
Deposits paid for construction in progress	<i>14</i>	3,551	1,739
Prepayment paid for property, plant and equipment	<i>14</i>	540	720
		<u>118,035</u>	<u>122,132</u>
Current assets			
Trade and other receivables, deposits and prepayments	<i>14</i>	11,160	770
Bank balances and cash		<u>175,776</u>	<u>182,326</u>
		<u>186,936</u>	<u>183,096</u>
Current liabilities			
Trade and other payables and accruals	<i>15</i>	22,313	17,426
Contract liabilities		20,024	23,257
Tax liabilities		3,896	1,432
Lease liabilities	<i>16</i>	1,083	1,130
Borrowings		<u>54,230</u>	<u>55,230</u>
		<u>101,546</u>	<u>98,475</u>
Net current assets		<u>85,390</u>	<u>84,621</u>
Total assets less current liabilities		<u>203,425</u>	<u>206,753</u>

		As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities	<i>16</i>	2,838	2,619
Deferred tax liabilities	<i>17</i>	5,827	6,122
		<u>8,665</u>	<u>8,741</u>
Net assets		<u>194,760</u>	<u>198,012</u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital		3,608	3,608
Reserves		191,152	194,404
		<u>194,760</u>	<u>198,012</u>
Total equity		<u>194,760</u>	<u>198,012</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 22 February 2017 under the Companies Law of the Cayman Islands. The address of the registered office of the Company in Cayman Islands is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The headquarters, head office and principal place of business in the PRC is located at Baililiu Village, Zhutang Township, Suiping County, Zhumadian City, Henan Province, the PRC. The principal place of business of the Company in Hong Kong is located at Rooms 1508-1513, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong. The Shares are listed on the Main Board of the Stock Exchange.

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 with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

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 2022, 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 2022.

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 2023

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 2023 for the preparation of the Group's condensed consolidated financial statement:

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

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 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 1 (Revised)	Classification of Liabilities as Current or Non-current and Hong Kong Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	1 January 2024

The Directors are in the progress of assessing the impact to the Group's consolidated financial performance and position by adopting the new and amendments to HKFRSs.

4. REVENUE

	For the six months ended	
	30 June 2023 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Unaudited)
Driving training service income		
Standard course	560	1,754
Premium course	22,646	29,279
Additional training fees	219	422
	<u>23,425</u>	<u>31,455</u>

All the Group's revenue are recognised over time.

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 chief executive, Mr. Qi Xiangzhong, reviews the (loss)/profit 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 2023 <i>RMB'000</i> (Unaudited)	30 June 2022 <i>RMB'000</i> (Unaudited)
Income from issuance of certificate of qualification validation	313	294
Interest income	218	313
Income on expiry of driving courses withdrawn by trainees	450	229
Government grants	61	140
Value-added tax refund	5	77
Others	5	5
Loss on disposal of property, plant and equipment	(165)	(51)
Exchange loss, net	(24)	(47)
	<u>863</u>	<u>960</u>

7. FINANCE COSTS

	For the six months ended	
	30 June 2023 <i>RMB'000</i> (Unaudited)	30 June 2022 <i>RMB'000</i> (Unaudited)
Interest on bank loans	2,231	2,257
Interest on lease liabilities	59	79
	<u>2,290</u>	<u>2,336</u>

8. (LOSS)/PROFIT BEFORE INCOME TAX

	For the six months ended	
	30 June 2023 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Unaudited)
(Loss)/profit before income tax has been arrived at after charging:		
Directors' remuneration	750	657
Other staff costs		
– Salaries and other allowances	7,466	9,811
– Retirement benefit scheme contributions	774	843
	<u>8,990</u>	<u>11,311</u>
Auditor's remuneration	10	10
Depreciation of:		
– Property, plant and equipment	4,710	5,238
– Right-of-use assets	1,347	1,184
Donations	20	16
Gasoline expenses	4,392	5,741
	<u><u>4,392</u></u>	<u><u>5,741</u></u>

9. INCOME TAX EXPENSE

	For the six months ended	
	30 June 2023 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Unaudited)
The PRC Enterprise Income Tax ("EIT")		
– Current year	–	497
– Under-provision in prior years	863	1
	<u>863</u>	<u>498</u>
Deferred tax credit	(295)	(299)
	<u><u>568</u></u>	<u><u>199</u></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 both periods.

No provision for Hong Kong Profits Tax has been recognised during the six months ended 30 June 2022 and 2023 as the Group does not have income which arises in, or derived from, Hong Kong.

The PRC EIT has been provided at the rate of 25% (30 June 2022: 25%) on the taxable profits of the Group's subsidiaries in the PRC during the six months ended 30 June 2023.

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 condensed consolidated financial statements in respect of temporary differences attributable to retained earnings of the PRC subsidiaries amounting to approximately RMB105,244,000 as at 30 June 2023 (six months ended 30 June 2022: RMB115,709,000), 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 2022: Nil).

11. (LOSS)/EARNINGS PER SHARE

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

	For the six months ended	
	30 June	30 June
	2023	2022
(Loss)/earnings		
(Loss)/earnings for the period attributable to owners of the Company for the purpose of basic (loss)/earnings per share (in RMB'000) (Unaudited)	<u>(3,252)</u>	<u>59</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<u>400,000,000</u>	<u>400,000,000</u>

There were no potential ordinary shares in issue for the six months ended 30 June 2023 and 2022.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Equipment	Furniture and fixtures	Office equipment	Motor vehicles	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST								
At 1 January 2022 (audited)	32,787	49,558	11,482	1,161	1,881	26,969	-	123,838
Additions	56	37	340	16	360	245	-	1,054
Disposals	-	-	-	-	-	(2,883)	-	(2,883)
At 31 December 2022 and 1 January 2023 (audited)	32,843	49,595	11,822	1,177	2,241	24,331	-	122,009
Additions	7	-	-	33	267	-	-	307
Disposals	-	-	-	-	-	(3,271)	-	(3,271)
At 30 June 2023 (unaudited)	32,850	49,595	11,822	1,210	2,508	21,060	-	119,045
ACCUMULATED DEPRECIATION								
At 1 January 2022 (audited)	6,845	12,873	5,752	656	1,166	14,433	-	41,725
Provided for the year	1,563	4,137	1,460	109	380	2,500	-	10,149
Disposals	-	-	-	-	-	(2,600)	-	(2,600)
At 31 December 2022 and 1 January 2023 (audited)	8,408	17,010	7,212	765	1,546	14,333	-	49,274
Provided for the period	782	2,137	614	57	242	878	-	4,710
Disposals	-	-	-	-	-	(2,456)	-	(2,456)
At 30 June 2023 (unaudited)	9,190	19,147	7,826	822	1,788	12,755	-	51,528
CARRYING VALUES								
At 30 June 2023 (unaudited)	<u>23,660</u>	<u>30,448</u>	<u>3,996</u>	<u>388</u>	<u>720</u>	<u>8,305</u>	<u>-</u>	<u>67,517</u>
At 31 December 2022 (audited)	<u>24,435</u>	<u>32,585</u>	<u>4,610</u>	<u>412</u>	<u>695</u>	<u>9,998</u>	<u>-</u>	<u>72,735</u>

13. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Building RMB'000	Motor vehicles RMB'000 (Note)	Total RMB'000
COST				
At 1 January 2022 (audited)	45,500	126	7,459	53,085
Additions	—	—	2,794	2,794
At 31 December 2022 and 1 January 2023 (audited)	45,500	126	10,253	55,879
Additions	836	—	—	836
At 30 June 2023 (unaudited)	46,336	126	10,253	56,715
ACCUMULATED DEPRECIATION				
At 1 January 2022 (audited)	3,980	68	2,393	6,441
Charges for the year	1,354	22	1,124	2,500
At 31 December 2022 and 1 January 2023 (audited)	5,334	90	3,517	8,941
Charges for the period	704	12	631	1,347
At 30 June 2023 (unaudited)	6,038	102	4,148	10,288
CARRYING VALUES				
At 30 June 2023 (unaudited)	40,298	24	6,105	46,427
At 31 December 2022 (audited)	40,166	36	6,736	46,938

Note:

As at 30 June 2023 and 31 December 2022, all motor vehicles in right-of-use assets are under hire-purchase arrangement with purchase options. The Group is reasonably certain to exercise the purchase options and the exercise price of purchase options, if any, were included in lease liabilities.

14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivables	162	60
Other receivables	1,493	1,500
Less: allowance for expected credit loss	<u>(1,428)</u>	<u>(1,428)</u>
Other receivables, net of expected credit loss	65	72
Prepayments	11,473	1,358
Deposits	<u>3,551</u>	<u>1,739</u>
	15,251	3,229
Less: Prepayment for property, plant and equipment classified as non-current assets	(540)	(720)
Deposits paid for construction in progress classified as non-current assets	<u>(3,551)</u>	<u>(1,739)</u>
Current portion	<u>11,160</u>	<u>770</u>

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 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
0 – 30 days	<u>162</u>	<u>60</u>

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

15. TRADE AND OTHER PAYABLES AND ACCRUALS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade payables (<i>Note</i>)	4,455	1,273
Construction costs payables	4,169	5,396
Accrued salaries and other staff cost	1,925	2,090
Accrued directors' remuneration	1,856	1,616
Examination fees payables	2,069	2,039
Other tax payables	1,397	1,290
Other payables	6,442	3,722
	<u>22,313</u>	<u>17,426</u>

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 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
0 – 60 days	1,383	457
61 – 90 days	1,930	412
91 – 120 days	955	217
121 – 365 days	–	–
Over 365 days	187	187
	<u>4,455</u>	<u>1,273</u>

16. LEASE LIABILITIES

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Lease liabilities payable:		
Within one year	1,450	1,481
Within a period of more than one year but not exceeding two years	1,420	1,207
Within a period of more than two years but not exceeding five years	1,463	1,376
Over five years	<u>466</u>	<u>539</u>
	4,799	4,603
Less: Future finance charges	<u>(878)</u>	<u>(854)</u>
Present value of lease liabilities	3,921	3,749
Less: Amounts due for settlement within twelve months from the end of the reporting period (shown under current liabilities)	<u>(1,083)</u>	<u>(1,130)</u>
Amounts due for settlement after twelve months from the end of the reporting period	<u>2,838</u>	<u>2,619</u>

The weighted average incremental borrowing rates applied to lease liabilities range from 5.8% to 13.2% (2022: 5.8% to 13.2%). All leases are entered at fixed prices. The Group does not face significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

17. DEFERRED TAX LIABILITIES/(ASSETS)

The following are the major deferred tax liabilities/(assets) recognised and movements thereon during the six months ended 30 June 2023.

	Temporary difference on depreciation of property, plant and equipment <i>RMB'000</i>	Temporary difference on interest capitalisation <i>RMB'000</i>	Revenue recognition <i>RMB'000</i>	Deductible tax losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022 (audited)	3,362	1,896	3,132	–	8,390
Charged/(credited) to profit or loss	<u>136</u>	<u>(148)</u>	<u>(867)</u>	<u>(1,389)</u>	<u>(2,268)</u>
At 31 December 2022 and 1 January 2023 (audited)	3,498	1,748	2,265	(1,389)	6,122
Charged/(credited) to profit or loss	<u>(370)</u>	<u>(73)</u>	<u>148</u>	<u>–</u>	<u>(295)</u>
At 30 June 2023 (unaudited)	<u>3,128</u>	<u>1,675</u>	<u>2,413</u>	<u>(1,389)</u>	<u>5,827</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

We are a provider of driving training service based in Zhumadian city, Henan province, the PRC. We engage in the provision of driving training services through our two major operating subsidiaries, namely Shun Da School and Tong Tai School. Shun Da School is a qualified level II driving school established and commenced operation in 2012 which offers driving training services for preparation for driving tests of Small Vehicles. Tong Tai School is a qualified level I driving school established and commenced operation in 2014 which offers driving training services for preparation for driving tests of both Large Vehicles and Small Vehicles.

Tong Tai School and Shun Da School are currently offering two types of driving training courses for our trainees, namely standard courses and premium courses. Standard courses are designed for trainees who wish to complete only part of the minimum training hours requirements with lower course fees and less training hours. Trainees, who have enrolled in our standard courses, wish to fulfil the minimum training hours requirements, or for other reasons wish to have further training, may subscribe from the respective school for additional training services on an hourly basis. Premium courses offer to trainees driving training for a number of training hours that is equal to the minimum training hours requirements specified in the Driving Training Curriculum. Our premium courses comprised holidays and weekends courses, economy courses and VIP courses. Our VIP courses for Large Vehicles provide different complimentary supporting services including pick-up services and/or accommodation services.

Our overall number of course enrollments and number of trainees attended our driving courses declined. We recorded an overall negative growth for both the total number of course enrollment for, and the total number of trainees attended on, our driving courses for the six months ended 30 June 2023, as comparing to that for the corresponding period in 2022. This overall deterioration in our business performance is the effect of decrease in the actual number of training hours provided by the Group during the six months ended 30 June 2023 due to the decrease in the demand for driving courses due to deterioration of the market conditions of the logistic industry as a result of the continuous US-China trade tensions which have negative impact to the consumers as well as the producers.

Our total number of course enrollments recorded an overall decrease of 7.6% from 5,846 for the six months ended 30 June 2022 to 5,404 for the six months ended 30 June 2023. Both Tong Tai School and Shun Da School marked negative growth in the overall number of course enrollments for the six months ended 30 June 2023, as comparing to that for six months ended 30 June 2022. The total number of course enrollments of Shun Da School amounted to 863 (six months ended 30 June 2022: 991), representing a continuous decrease of approximately 12.9%. The total number of course enrollments of Tong Tai School amounted to 4,541 (six months ended 30 June 2022: 4,855), representing a continuous decrease of approximately 6.5%. The overall decrease in the number of course enrollments of both Large Vehicles and Small Vehicles is mainly attributable to the decrease in the demand for driving courses due to deterioration of the market conditions of the logistic industry as a result of the continuous US-China trade tensions.

The overall number of course enrollments for standard courses of Small Vehicles decreased by approximately 13.6% from 1,254 for the six months ended 30 June 2022 to 1,083 for the six months ended 30 June 2023 despite we recorded a slight growth in the number of course enrollments of standard course in Shun Da School, with an increase from 711 for the six months ended 30 June 2022 to 712 for the six months ended 30 June 2023.

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 2023, together with the comparative figures for the corresponding period in 2022:

	For the six months ended 30 June			
	2023		2022	
	<i>Number of course enrollments</i>	<i>%</i>	<i>Number of course enrollments</i>	<i>%</i>
Tong Tai School				
Large Vehicles				
– Standard courses	45	0.8	105	1.8
– Premium courses	2,307	42.7	2,314	39.6
Small Vehicles				
– Standard courses	371	6.9	543	9.2
– Premium courses	1,818	33.6	1,893	32.4
Shun Da School				
Small Vehicles				
– Standard courses	712	13.2	711	12.2
– Premium courses	151	2.8	280	4.8
Total	<u>5,404</u>	<u>100.0</u>	<u>5,846</u>	<u>100.0</u>
Course				
Total standard courses	1,128	20.9	1,359	23.2
Total premium courses	4,276	79.1	4,487	76.8
Total	<u>5,404</u>	<u>100.0</u>	<u>5,846</u>	<u>100.0</u>
Driving school				
Tong Tai School	4,541	84.0	4,855	83.0
Shun Da School	863	16.0	991	17.0
Total	<u>5,404</u>	<u>100.0</u>	<u>5,846</u>	<u>100.0</u>
Driving course				
Large Vehicles	2,352	43.5	2,419	41.4
Small Vehicles	3,052	56.5	3,427	58.6
Total	<u>5,404</u>	<u>100.0</u>	<u>5,846</u>	<u>100.0</u>

We recorded an overall decrease in both the number of trainees attended our driving courses and total revenue for the six months ended 30 June 2023. The overall number of trainees who attended our driving courses for the six months ended 30 June 2023 amounted to 6,213 (six months ended 30 June 2022: 8,788), representing a decrease of approximately 29.3%. The total revenue of the Group for the six months ended 30 June 2023 amounted to approximately RMB23.4 million (six months ended 30 June 2022: approximately RMB31.5 million), also representing a decrease of approximately 25.5%. The overall decrease was attributable to a decrease in each of the number of trainees who attended our driving courses of Large Vehicles and Small Vehicles and the actual number of training hours of our trainees for the six months ended 30 June 2023 and the overall decreased average course fees per hour of Large Vehicles. Our provision of driving training services for Large Vehicles continued to be our primary source of revenue, accounting for approximately 80.2% of our total revenue (six months ended 30 June 2022: 82.1%). Revenue generated from premium courses contributed to approximately 96.6% of our total revenue (six months ended 30 June 2022: 93.1%).

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 2023, together with the comparative figures for the six months ended 30 June 2022:

	For the six months ended 30 June					
	2023			2022		
	<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	69	92	0.4	222	444	1.4
– Premium courses	2,792	18,562	79.2	4,006	25,168	80.0
– Additional training services	N/A	131	0.6	N/A	233	0.7
Sub-total	<u>2,861</u>	<u>18,785</u>	<u>80.2</u>	<u>4,228</u>	<u>25,845</u>	<u>82.1</u>
Small Vehicles						
– Standard courses	1,168	468	2.0	2,441	1,311	4.2
– Premium courses	2,184	4,084	17.4	2,119	4,110	13.1
– Additional training services	N/A	88	0.4	N/A	189	0.6
Sub-total	<u>3,352</u>	<u>4,640</u>	<u>19.8</u>	<u>4,560</u>	<u>5,610</u>	<u>17.9</u>
Total	<u><u>6,213</u></u>	<u><u>23,425</u></u>	<u><u>100.0</u></u>	<u><u>8,788</u></u>	<u><u>31,455</u></u>	<u><u>100.0</u></u>

Future Development and Prospects

Work Summary in the First Half Year and Outlook in the Second Half Year of 2023 of Tong Tai School

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

Significant Improvement in Teaching Management and Quality

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

Further Improvement in Organisational Capability and Service Quality

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

Continuing Our Enrollment Mission

We set a challenging target of new course enrollment for this year. However, due to deterioration of the market conditions of the logistics industry as a result of the continuous US-China trade tensions, trainees were less motivated to enroll in driving training courses for Large Vehicles. In the first half year, we achieved less than half of the course enrollment target, leading to a rather difficult development progress and greater pressure to maintain normal operating expenses and operations. In order to achieve the whole-year enrollment target, we need a breakthrough in marketing. To meet the potential market demand, we will further launch a series of preferential policies and campaigns to gain the support of trainees and enhance brand reputation and credibility, as well as brand influence further.

Work Plan in the Second Half Year of 2023

In the second half year, we will constantly enhance our teaching quality with a more stringent standard and continue our enrollment mission. By promoting and developing integrated online and offline training model, we will provide comprehensive support for trainees' learning. At the same time, we will also actively facilitate various reforms and innovations to enhance operating effectiveness and market competitiveness. We will help trainees to create high-quality learning and test experience with more intelligent and professional service concepts, striving to build the school into a diversified and comprehensive driving school that moves with the times and also a top-tier brand from the general users' perspective.

I. Increasing efforts in course enrollment to lay the development foundation. We are committed to the concept of “course enrollment as the primary core work”. In facing the plight of course enrollment, our staff will be more dedicated in publicity and promotion with an integrated offline and online marketing approach. We also plan to expand our business to other provinces, cities and counties in China with Large Vehicles and Small Vehicle markets, and use online marketing software and other social media to present relevant information about our school.

II. Replacing equipment and vehicles, optimising driving learning environment, and enhancing service quality. In the second half year, we will plan to replace some old Large Vehicles and Small Vehicles to improve the comfortableness of driving learning. We will also improve the course registration experience by expanding and refurbishing the new registration centre. We will conduct self-improvement, and enhance our management and our works respectively based on the standard and principle of high-quality service so as to gain the support of trainees.

III. Focusing on building corporate culture. Corporate culture is the foundation for the Group to remain competitive under intense market competition. Therefore, each of our employees should consciously accept, propagate, carry on and innovate our corporate culture and empower it for high-quality development.

In the second half year, in facing a market environment downturn, fierce competition, and saturation in the number of people learning to drive, we will persist our strength of determination and strive to get out of the loss-making situation in 2023.

Financial Review

1. *Overview*

Our overall financial performance for the six months ended 30 June 2023 has continuously worsened as comparing to that for the corresponding period in 2022. We recorded a decline in total revenue by RMB8.0 million (or approximately 25.5%) from RMB31.5 million for the six months ended 30 June 2022 to RMB23.4 million for the six months ended 30 June 2023. Our gross profit has decreased by RMB4.0 million (or approximately 38.8%) from RMB10.4 million for the six months ended 30 June 2022 to RMB6.3 million for the six months ended 30 June 2023. Gross profit margin has also decreased by 5.9 percentage points from 33.0% for the six months ended 30 June 2022 to 27.1% for the six months 30 June 2023.

We recorded the net loss attributable to the owners of the Company of approximately RMB3.3 million for the six months ended 30 June 2023 as compared to the net profit attributable to the owners of the Company of approximately RMB59,000 for the six months ended 30 June 2022. We also recorded a net loss margin attributable to the owners of the Company of 13.9% for the six months ended 30 June 2023 as compared to the net profit margin attributable to the owners of the Company of 0.2% for the six months ended 30 June 2022. We recorded the loss before income tax of approximately RMB2.7 million for the six months ended 30 June 2023 as compared to the profit before income tax of approximately RMB0.3 million for the six months ended 30 June 2022.

2. Revenue

Our revenue decreased by approximately RMB8.0 million, or approximately 25.5% from RMB31.5 million for the six months ended 30 June 2022 to RMB23.4 million for the six months ended 30 June 2023. This decrease was mainly attributable to the decrease in revenue generated from the provision of driving training services for Large Vehicles and Small Vehicles of approximately RMB7.1 million and RMB1.0 million, respectively. This decline in revenue is mainly attributable to the impact of overall decrease in the course enrollments of driving courses for both Large Vehicles and Small Vehicles and the overall decrease in each of the number of trainees who attended our driving courses and the actual number of training hours provided by the Group during the six months ended 30 June 2023 due to the decrease in the demand for driving courses, which had a significant impact on the number of course enrollments of Large Vehicles, due to deterioration of the market conditions of the logistic industry as a result of the continuous US-China trade tensions.

The revenue generated from the provision of driving training services for Large Vehicles decreased by approximately RMB7.1 million, or approximately 27.3%, from approximately RMB25.8 million for the six months ended 30 June 2022 to approximately RMB18.8 million for the six months ended 30 June 2023. The decrease was mainly attributable to the combined effect of (i) the decrease in each of the number of trainees who attended our driving courses of Large Vehicles and the actual number of training hours of our trainees of Large Vehicles from 4,228 and 208,873, respectively, for the six months ended 30 June 2022 to 2,861 and 163,718, for the six months ended 30 June 2023 and (ii) the lower average course fees per hour recognised as revenue for both standard and premium course of Large Vehicles during the six months ended 30 June 2023 as a result of the decreased driving course fees.

The revenue generated from the provision of driving training services for Small Vehicles has also decreased by approximately RMB1.0 million, or approximately 17.3%, from approximately RMB5.6 million for the six months ended 30 June 2022 to approximately RMB4.6 million for the six months ended 30 June 2023. Such decrease was mainly attributable to the decrease in each of the overall number of trainees who attended our driving courses of Small Vehicles and the actual number of training hours of our trainees of Small Vehicles from 4,560 and 71,601, respectively, for the six months ended 30 June 2022 to 3,352 and 57,124, for the six months ended 30 June 2023 which was offset by the higher average course fees per hour recognised as revenue during the six months ended 30 June 2023 due to the forfeiture of course fees upon expiry of the time limit for attending driving courses for our standard and premium course of Small Vehicles.

3. *Cost of services rendered*

For the six months ended 30 June 2023 and 2022, our Group's cost of services rendered amounted to approximately RMB17.1 million and RMB21.1 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 RMB4.0 million, or approximately 19.0%, from approximately RMB21.1 million for the six months ended 30 June 2022 to approximately RMB17.1 million for the six months ended 30 June 2023.

Employee benefit expenses decreased by approximately RMB1.7 million, or approximately 22.0%, from approximately RMB7.8 million for the six months ended 30 June 2022 to approximately RMB6.1 million for the six months ended 30 June 2023 which was mainly attributable to the decrease in salaries paid to our driving instructors and other supporting staff in line with the decrease in the actual number of training hours of our trainees. Our fuel expenses decreased by approximately RMB1.3 million, or approximately 23.5%, from approximately RMB5.7 million for the six months ended 30 June 2022 to approximately RMB4.4 million for the six months ended 30 June 2023, in line with the decrease in the actual number of training hours of our trainees. Our depreciation on property, plant and equipment and rights-of-use assets slightly decreased by approximately RMB0.3 million, or approximately 5.9%, from approximately RMB5.5 million for the six months ended 30 June 2022 to approximately RMB5.2 million for the six months ended 30 June 2023 as result of the 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 RMB4.0 million, or approximately 38.8%, from approximately RMB10.4 million for the six months ended 30 June 2022 to approximately RMB6.3 million for the six months ended 30 June 2023 in line with the decrease in the revenue. Our gross profit margin from the provision of driving training services decreased by approximately 5.9 percentage points from approximately 33.0% for the six months ended 30 June 2022 to approximately 27.1% for the six months ended 30 June 2023. Our overall decrease in gross profit and gross profit margin was mainly attributable to the overall decrease in the average course fees per hour and in each of the number of trainees who attended our driving courses and the actual number of training hours and the fixed depreciation charges of our training field and training motor vehicles and amortisation charges of right-of-use assets, despite the slight increase in gross profit margin for driving courses of Small Vehicles due to the increased revenue contributed from the forfeiture of course fees upon expiry of the time limit for attending driving courses.

Our gross profit for Large Vehicles decreased by approximately RMB4.1 million, or approximately 45.0%, from approximately RMB9.0 million for the six months ended 30 June 2022 to approximately RMB5.0 million for the six months ended 30 June 2023. Our gross profit margin from the provision of driving training services for Large Vehicles decreased by approximately 8.5 percentage points from approximately 35.0% for the six months ended 30 June 2022 to approximately 26.5% for the six months ended 30 June 2023. The decrease in both gross profit and gross profit margin was mainly attributable to (i) the decrease in the average course fees per hour and in each of the number of trainees who attended our driving courses and the actual number of training hours and (ii) the fixed depreciation charges of our training field and training motor vehicles and the amortisation charges of right-of-use assets.

Our gross profit for Small Vehicle increased by approximately RMB51,000, or approximately 3.8%, from approximately RMB1.3 million for the six months ended 30 June 2022 to approximately RMB1.4 million for the six months ended 30 June 2023. Our gross profit margin from the provision of driving training services for Small Vehicles increased by approximately 6.0 percentage points from approximately 23.7% for the six months ended 30 June 2022 to approximately 29.7% for the six months ended 30 June 2023. The increase in both gross profit and gross profit margin was mainly attributable to the higher average course fees per hour which contributed higher gross profit margin due to the increased revenue contributed from the forfeiture of course fees upon expiry of the time limit for attending driving courses, that totally offset the negative impact from the overall decrease in the each of the number of trainees who attended our driving courses and the actual number of training hours of our trainees of Small Vehicles.

5. *Other income and losses, net*

Our other income and losses, net decreased by approximately RMB0.1 million, or approximately 10.1%, from approximately RMB1.0 million for the six months ended 30 June 2022 to approximately RMB0.9 million for the six months ended 30 June 2023 which was mainly attributable to significant increase in loss on disposal of training motor vehicles of Large Vehicles and Small Vehicles as a result of the future replacement of training vehicles from approximately RMB51,000 for the six months ended 30 June 2022 to approximately RMB165,000 for the six months ended 30 June 2023.

6. *Selling and marketing expenses*

Our selling and marketing expenses decreased by approximately RMB0.7 million, or approximately 42.0%, from approximately RMB1.6 million for the six months ended 30 June 2022 to approximately RMB1.0 million for the six months ended 30 June 2023 which was mainly attributable to the decrease in sales and marketing and promotion activities.

7. *Administrative expenses*

Our administrative expenses decreased by approximately RMB0.4 million, or approximately 6.2%, from approximately RMB7.1 million for the six months ended 30 June 2022 to approximately RMB6.7 million for the six months ended 30 June 2023 which was mainly attributable to the decrease in employees benefit expenses for administrative staff.

8. *Finance costs*

Our finance costs are stable at approximately RMB2.3 million for the six months ended 30 June 2022 and 2023, respectively.

9. *(Loss)/profit and total comprehensive (expense)/income for the period*

As a result of the above factors, we recorded the net loss attributable to the owners of the Company of approximately RMB3.3 million for the six months ended 30 June 2023 as compared to the net profit attributable to the owners of the Company of approximately RMB59,000 for the six months ended 30 June 2022, which was mainly attributable to (i) the overall decrease in each of the number of trainees who attended our driving courses of Large Vehicles and Small Vehicles as well as the actual number of training hours; (ii) the lower gross profit margin of Large Vehicles due to the decreased average courses fee per hour; and (iii) fixed depreciation charges of our training field and training motor vehicles and the amortisation charges of right-of-use assets, which was offset by the decrease in selling and marketing expenses and administrative expenses for the six months ended 30 June 2023. Accordingly, we recorded a net loss margin attributable to the owners of the Company of 13.9% for the six months ended 30 June 2023 as compared to the net profit margin attributable to the owners of the Company of 0.2% for the six months ended 30 June 2022.

10. *Liquidity and source of funding and borrowing*

The Group's bank balances and cash decreased from approximately RMB182.3 million as at 31 December 2022 to approximately RMB175.8 million as at 30 June 2023, which was mainly attributable to the decrease in operating cash flows. The Group has concentration of credit risk arising from bank balances as there was a bank which individually contributed an amount of approximately RMB175.1 million (2022: RMB135.6 million), representing 99.6% (2022: 74.6%) of the Group's bank balances as at 30 June 2023. The management considers that the credit risk on liquid funds is low as counterparties are financial institutions with good reputation and have provided financing amounted to approximately RMB26.7 million (2022: RMB26.7 million) to the Group.

As at 30 June 2023, the current assets of the Group amounted to approximately RMB186.9 million, including approximately RMB175.8 million in bank balances and cash, and approximately RMB11.2 million in trade and other receivables, deposits and prepayments. The current liabilities of the Group amounted to approximately RMB101.5 million, including approximately RMB22.3 million in trade and other payables and accruals, approximately RMB20.0 million in contract liabilities, approximately RMB3.9 million in tax liabilities, approximately RMB54.2 million in borrowings and approximately RMB1.1 million in lease liabilities. As at 30 June 2023, the current ratio of the Group, which is equivalent to the current assets divided by the current liabilities, was 1.84 (31 December 2022: 1.86).

As of 30 June 2023, the Group had aggregate interest-bearing borrowings of approximately RMB54.2 million which are repayable within one year as compared to approximately RMB55.2 million which are repayable within one year as of 31 December 2022. The decrease in borrowings is mainly due to the repayment of bank loan in May 2023.

11. *Gearing ratio*

As at 30 June 2023, the gearing ratio of the Group, which was calculated based on total debt, including all interest-bearing loans and lease liabilities divided by total equity, was approximately 0.30 times (31 December 2022: 0.30 times).

12. *Material investments*

The Group did not make any material investments during the six months ended 30 June 2023.

13. *Material acquisitions and disposals*

The Group did not make any material acquisitions and disposals during the six months ended 30 June 2023.

14. *Borrowings and pledge of assets*

As of 30 June 2023, the Group had aggregate interest-bearing borrowings of approximately RMB54.2 million as compared to approximately RMB55.2 million as of 31 December 2022. The borrowings of RMB54.2 million are repayable within one year.

As of 30 June 2023, the Group's borrowings of approximately RMB54.2 million were at fixed interest rates. As of 30 June 2023, the current portion borrowings of the Group amounting to approximately RMB54.2 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.

15. *Contingent liabilities*

As at 30 June 2023, our Group did not have any material contingent liabilities or guarantees and no member of our Group was involved in any claim, litigation or arbitration of material importance and no claim, litigation or arbitration of material importance is known to our Directors to be pending or threatened against any member of our Group. Accordingly, no provision for the contingent liabilities in respect of litigation is necessary.

16. *Foreign exchange exposure*

As at 30 June 2023, the Group's exposure to foreign currency risk related primarily to certain bank balances and other payables denominated in HK\$. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign currency exposure and will consider hedging foreign currency exposure should the need arises.

17. *Employee and Remuneration Policy*

As at 30 June 2023, we had 293 employees, representing a slight decrease from that of 295 employees as at 31 December 2022. The number of employees employed by the Group varies from time to time depending on need. Employees' remuneration is determined in accordance with prevailing industry practice and employees' working experiences and performance. The remuneration policy and package of the Group's employees are periodically reviewed. As required by the PRC laws and regulations, the Company participates in various employee social security plans for its employees that are administered by local governments, including among others, housing provident funds, pensions, medical insurance, social insurance and unemployment insurance.

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

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

The total employees benefit expenses incurred by the Group for the six months ended 30 June 2023 was approximately RMB9.0 million (for the six months ended 30 June 2022: approximately RMB11.3 million).

The following table sets forth the total number of employees by function as at 30 June 2023:

Function	<i>Number of employees</i>	<i>% of the total</i>
Directors	6	2.0
Driving instructors	204	69.6
Sale and marketing	21	7.2
Finance and accounting	8	2.7
Teaching affair office	18	6.1
Administration	31	10.6
Vehicle management	5	1.8
	<hr/>	<hr/>
Total	<u>293</u>	<u>100.0</u>

Subsequent Events

There are no material events subsequent to 30 June 2023 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 2023, a total of approximately HK\$37.2 million had been utilised by the Group according to the allocation set out hereinbelow:

	% of net proceeds	Net proceeds from IPO <i>HK\$'000</i>	Utilisation during the period from the listing date (i.e 24 October 2019) to 30 June 2023 <i>HK\$'000</i>	Unutilised amount as at 30 June 2023 <i>HK\$'000</i>	Expected timeframe for intend use <i>HK\$'000</i>
Acquisition of a parcel of land	45.7	49,547	–	49,547	By the end of December 2023
Construction of training fields	12.3	13,333	–	13,333	By the end of December 2023
Purchase of training vehicles	9.7	10,517	8,063	2,454	By the end of December 2023
Recruitment and training costs for 40 new driving instructors	9.6	10,408	4,484	5,924	By the end of December 2023
Repayment of bank loans	12.7	13,769	13,769	–	–
Working capital and general corporate purposes	10.0	10,844	10,844	–	–
Total	<u>100.0</u>	<u>108,418</u>	<u>37,160</u>	<u>71,258</u>	

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.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend to Shareholders for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

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

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

CHANGE OF DIRECTORS

Mr. Goh Teng Hwee passed away on 11 January 2023 who was an independent non-executive Director, and a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

On 1 March 2023, Mr. Cheng Chun Shing resigned as an independent non-executive Director, the chairman of the Audit Committee, and a member of each of the Nomination Committee and the Remuneration Committee of the Company; and Mr. Wan San Fai Vincent was appointed as an independent non-executive Director, the chairman of the Audit Committee, and a member of each of the Nomination Committee and the Remuneration Committee of the Company.

On 20 April 2023, Mr. Xu Jianpo was appointed as an independent non-executive Director and a member of the Audit Committee of the Company.

Following the appointment of Mr. Wan San Fai Vincent and Mr. Xu Jianpo as an independent non-executive Director, the composition of the Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors, which fulfills the requirements under rules 3.10(1) and 3.21 of the Listing Rules.

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 2023, the Company has complied with all applicable code provisions set out in the Corporate Governance Code. The Company will continue to review and monitor the corporate governance practices of the Company to ensure compliance with the Corporate Governance Code and maintain high standard of corporate governance practices.

2. Directors' Securities Transactions

The Company has adopted Model Code as its code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code.

Having made specific enquiry of all the Directors, all the Directors have confirmed that they had complied with the required standard set out in the Model Code regarding securities transactions by the Directors and there have been no incidents of non-compliance with the required standard set out in the Model Code.

3. Review by the Audit Committee

The Audit Committee consists of three members, namely Mr. Wan San Fai Vincent (as the chairman), Mr. Chan Siu Wah and Mr. Xu Jianpo, all being independent non-executive Directors.

The Audit Committee has discussed with the management in reviewing the unaudited consolidated financial statements of the Group for the six months ended 30 June 2023. The Audit Committee is of the view that such results complied with the applicable accounting standards and requirements under the Listing Rules and other applicable legal and regulatory requirements.

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 2023 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Shareholders in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere gratitude to the Company's management, staff members and professional advisers for their dedication and hard work and our Shareholders for their trust and support.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

Definitions

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Audit Committee”	The audit committee of the Company, which was established on 19 September 2019 pursuant to the resolutions of the Board;
“Board”	the board of directors of the Company;
“Company”	China Oriented International Holdings Limited (向中國國際控股有限公司), 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 to the Listing Rules;
“Director(s)”	director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“IPO”	the initial public offering of the Shares, further details of which are set out in the Prospectus;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time;
“Main Board”	the stock market operated by the Stock Exchange, which excludes GEM and the options market;
“Ministry of Public Security”	Ministry of Public Security of the PRC (中華人民共和國公安部);

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 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;
“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; 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 prospectus 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 2023

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.