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

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1871)

ANNOUNCEMENT ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

RESULTS

The Board is please to announces the audited consolidated results of the Group for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021 which were extracted from the audited consolidated financial statements of the Group as set out in the Company's 2021 annual report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue	4	47,734	67,151
Cost of services rendered		(36,433)	(44,488)
Gross profit		11,301	22,663
Other income and losses, net	6	1,602	2,595
Reversal of allowance for expected credit loss on other receivables		–	40
Selling and marketing expenses		(3,431)	(3,027)
Administrative expenses		(15,130)	(16,764)
Finance costs	7	(4,588)	(3,894)
(Loss)/profit before income tax	8	(10,246)	1,613
Income tax credit/(expense)	9	1,579	(5,063)
Loss and total comprehensive loss for the year attributable to the owners of the Company		<u>(8,667)</u>	<u>(3,450)</u>
Loss per share attributable to the owners of the Company	<i>11</i>		
– Basic and diluted (RMB cents)		<u>(2.17)</u>	<u>(0.86)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	<i>12</i>	72,735	82,113
Right-of-use assets	<i>13</i>	46,938	46,644
Intangible assets		–	–
Deposits paid for construction in progress	<i>14</i>	1,739	1,739
Prepayment paid for property, plant and equipment	<i>14</i>	720	1,080
		<u>122,132</u>	<u>131,576</u>
Current assets			
Trade and other receivables, deposits and prepayments	<i>14</i>	770	2,997
Bank balances and cash		182,326	175,242
		<u>183,096</u>	<u>178,239</u>
Current liabilities			
Trade and other payables and accruals	<i>15</i>	17,426	17,200
Contract liabilities		23,257	30,463
Tax liabilities		1,432	3,073
Lease liabilities	<i>16</i>	1,130	962
Borrowings		55,230	32,750
		<u>98,475</u>	<u>84,448</u>
Net current assets		<u>84,621</u>	<u>93,791</u>
Total assets less current liabilities		<u>206,753</u>	<u>225,367</u>
Non-current liabilities			
Lease liabilities	<i>16</i>	2,619	1,298
Borrowings		–	9,000
Deferred tax liabilities	<i>17</i>	6,122	8,390
		<u>8,741</u>	<u>18,688</u>
Net assets		<u>198,012</u>	<u>206,679</u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital		3,608	3,608
Reserves		194,404	203,071
Total equity		<u>198,012</u>	<u>206,679</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 consolidated financial statements are presented in RMB, which is the currency of the primary economic environment of all the group entities operate (the functional currency of the group entities).

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Application of amendments to HKFRSs effective from 1 January 2022

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA, which are relevant and mandatorily effective for the period beginning on 1 January 2022 for the preparation of the Group's consolidated financial statement:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 cycle

In addition, the Group has adopted the Amendments to AG5 (Revised) – Merge Accounting for Common Control Combination.

The application of the amendments to HKFRSs and AG5 in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and amendments to HKFRSs 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 periods beginning on or after
HKFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

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

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 year are as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Driving training service income		
Standard course	2,006	4,253
Premium course	45,085	62,229
Additional training fees	643	669
	<u>47,734</u>	<u>67,151</u>

5. SEGMENT INFORMATION

The Group is principally engaged in provision of driving training services. For the purposes of assessing performance and allocating resources, the Group's operation is regarded as one reportable and operating segment which is provision of driving training services. The Directors review the (loss)/profit for the year of the Group as a whole. Accordingly, no segmental analysis is presented.

Geographical information

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

Information about major customers

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

6. OTHER INCOME AND LOSSES, NET

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Income from issuance of certificate of qualification validation	546	1,270
Interest income	609	657
Value-added tax refund	122	606
Income on expiry of driving courses	229	252
Government grants (<i>Note</i>)	140	–
Loss on disposal of property, plant and equipment	(177)	(28)
Exchange loss, net	(82)	(196)
Others	215	34
	<u>1,602</u>	<u>2,595</u>

Note: During the year ended 31 December 2022, the Group received government grants amounting to approximately RMB140,000 from the Municipal Bureau of Commerce and the Municipal Bureau of Finance of Suiping to support the stable development of foreign-invested enterprises. There was no unfulfilled conditions or other contingencies attached to these subsidies.

7. FINANCE COSTS

	2022	2021
	RMB'000	<i>RMB'000</i>
Interest on bank loans	4,452	3,655
Interest on lease liabilities	136	239
	<u>4,588</u>	<u>3,894</u>

8. (LOSS)/PROFIT BEFORE INCOME TAX

	2022	2021
	RMB'000	<i>RMB'000</i>
(Loss)/profit before income tax has been arrived at after charging:		
Directors' remuneration	1,515	1,514
Other staff costs		
– Salaries and other allowances	16,443	21,399
– Retirement benefit scheme contributions	1,806	1,718
	<u>19,764</u>	<u>24,631</u>
Auditor's remuneration	972	750
Depreciation of:		
– Property, plant and equipment	10,149	10,350
– Right-of-use assets	2,500	2,318
Donations	26	270
Gasoline expenses	9,040	10,772
	<u>9,040</u>	<u>10,772</u>

9. INCOME TAX (CREDIT)/EXPENSE

	2022	2021
	RMB'000	<i>RMB'000</i>
The PRC Enterprise Income Tax ("EIT")		
– Current year	–	3,007
– Under/(over)-provision in prior years	689	(2,620)
	<u>689</u>	<u>387</u>
Deferred tax	(2,268)	4,676
	<u>(1,579)</u>	<u>5,063</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 BVI, the Group is not subject to any income tax under these jurisdictions during the year ended 31 December 2022 (2021: Nil).

No provision for Hong Kong Profits Tax has been recognised in the consolidated financial statements during the year ended 31 December 2022 as the Group does not have income which arises in, or derived from, Hong Kong (2021: Nil).

The PRC EIT has been provided at the rate of 25% (2021: 25%) on the taxable profits of the Group's subsidiaries in the PRC during the year ended 31 December 2022.

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 RMB106,607,000 as at 31 December 2022 (2021: RMB114,047,000), 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 year ended 31 December 2022, nor has any dividend been proposed since the end of the reporting period (2021: 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:

	2022	2021
Loss		
Loss for the year attributable to the owners of the Company for the purpose of basic loss per share (in RMB'000)	<u>(8,667)</u>	<u>(3,450)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>400,000,000</u>	<u>400,000,000</u>

There were no potential ordinary shares in issue for the year ended 31 December 2022 (2021: Nil).

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	Total RMB'000
COST							
At 1 January 2021	32,735	49,558	10,842	1,009	1,621	24,127	119,892
Additions	52	-	640	152	260	3,620	4,724
Disposals	-	-	-	-	-	(778)	(778)
At 31 December 2021 and 1 January 2022	32,787	49,558	11,482	1,161	1,881	26,969	123,838
Additions	56	37	340	16	360	245	1,054
Disposals	-	-	-	-	-	(2,883)	(2,883)
At 31 December 2022	32,843	49,595	11,822	1,177	2,241	24,331	122,009
ACCUMULATED DEPRECIATION							
At 1 January 2021	5,286	8,596	4,520	557	874	12,104	31,937
Provided for the year	1,559	4,277	1,232	99	292	2,891	10,350
Disposals	-	-	-	-	-	(562)	(562)
At 31 December 2021 and 1 January 2022	6,845	12,873	5,752	656	1,166	14,433	41,725
Provided for the year	1,563	4,137	1,460	109	380	2,500	10,149
Disposals	-	-	-	-	-	(2,600)	(2,600)
At 31 December 2022	8,408	17,010	7,212	765	1,546	14,333	49,274
CARRYING VALUES							
At 31 December 2022	24,435	32,585	4,610	412	695	9,998	72,735
At 31 December 2021	25,942	36,685	5,730	505	715	12,536	82,113

13. RIGHT-OF-USE ASSETS

	Leasehold lands <i>RMB'000</i>	Building <i>RMB'000</i>	Motor vehicles <i>RMB'000</i> <i>(Note)</i>	Total <i>RMB'000</i>
COST				
At 1 January 2021, 31 December 2021 and 1 January 2022	45,500	126	7,459	53,085
Additions	–	–	2,794	2,794
At 31 December 2022	45,500	126	10,253	55,879
ACCUMULATED DEPRECIATION				
At 1 January 2021	2,625	45	1,453	4,123
Charges for the year	1,355	23	940	2,318
At 31 December 2021 and 1 January 2022	3,980	68	2,393	6,441
Charges for the year	1,354	22	1,124	2,500
At 31 December 2022	5,334	90	3,517	8,941
CARRYING VALUES				
At 31 December 2022	40,166	36	6,736	46,938
At 31 December 2021	41,520	58	5,066	46,644

Note:

As at 31 December 2022 and 2021, 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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	60	112
Other receivables	1,500	1,467
Less: allowance for expected credit loss	<u>(1,428)</u>	<u>(1,428)</u>
Other receivables, net of expected credit loss	<u>72</u>	<u>39</u>
Prepayments	1,358	3,926
Deposits	<u>1,739</u>	<u>1,739</u>
	3,229	5,816
Less: Prepayment for property, plant and equipment classified as non-current assets	(720)	(1,080)
Deposits paid for construction in progress classified as non-current assets	<u>(1,739)</u>	<u>(1,739)</u>
Current portion	<u><u>770</u></u>	<u><u>2,997</u></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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
0-30 days	<u><u>60</u></u>	<u><u>112</u></u>

No balance as at 31 December 2022 (2021: Nil) which is past due more than 90 days was considered as in default as those balances were mainly with those government authorities with good credit quality and pending for completing their allocating funds procedures. Based on the historical credit loss experience and/or general economic conditions of the debtors, the Directors consider the expected credit loss on these debtors to be insignificant.

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

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables (<i>Note</i>)	1,273	1,357
Construction costs payables	5,396	5,741
Accrued salaries and other staff cost	2,090	2,163
Accrued directors' remuneration	1,616	1,096
Examination fees payables	2,039	1,877
Other tax payables	1,290	1,722
Other payables	3,722	3,244
	17,426	17,200

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:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
0-60 days	457	1,132
61-90 days	412	34
91-120 days	217	4
121-365 days	–	–
Over 365 days	187	187
	1,273	1,357

16. LEASE LIABILITIES

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

	2022	2021
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	1,481	1,098
Within a period of more than one year but not exceeding two years	1,207	445
Within a period of more than two years but not exceeding five years	1,376	514
Over five years	539	710
	<hr/>	<hr/>
	4,603	2,767
<i>Less:</i> Future finance charges	(854)	(507)
	<hr/>	<hr/>
Present value of lease liabilities	3,749	2,260
<i>Less:</i> Amounts due for settlement within twelve months from the end of the reporting period (shown under current liabilities)	(1,130)	(962)
	<hr/>	<hr/>
Amounts due for settlement after twelve months from the end of the reporting period	2,619	1,298
	<hr/> <hr/>	<hr/> <hr/>

The weighted average incremental borrowing rates applied to lease liabilities range from 5.8% to 13.2% (2021: 5.8% to 11.0%). All leases are entered at fixed prices. The Group does not face significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

17. DEFERRED TAX LIABILITIES/(ASSETS)

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

	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 2021	297	2,047	1,370	–	3,714
Charged/(credited) to profit or loss	3,065	(151)	1,762	–	4,676
At 31 December 2021 and 1 January 2022	3,362	1,896	3,132	–	8,390
Charged/(credited) to profit or loss	136	(148)	(867)	(1,389)	(2,268)
At 31 December 2022	3,498	1,748	2,265	(1,389)	6,122

As at 31 December 2022, the Group has unused tax losses of approximately RMB5,556,000 (2021: Nil) available for offsetting against future taxable profits of the operating subsidiaries in the PRC. Based on the business plans of the Group, it is expected that the operating subsidiaries in the PRC will generate sufficient future profits to utilise these tax losses. Deferred tax assets in respect of the cumulative tax losses of approximately RMB1,389,000 (2021: Nil) was provided as at 31 December 2022. The tax losses will expire after 5 years from the year in which the losses were incurred.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

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

Throughout the year ended 31 December 2022, our overall number of course enrollments and our overall number of trainees attended our driving courses declined. We recorded an overall negative growth for both the total number of course enrollment for, and the total number of trainees attended on, our driving courses for the year ended 31 December 2022, as comparing to that for the year ended 31 December 2021. This overall deterioration in our business performance is the effect of decrease in the actual number of training hours provided by the Group during the year ended 31 December 2022 due to travel restriction occasionally in force in Suiping County, Zhumadian City, caused by sporadic outbreaks of COVID-19 cases, which had temporarily suspended the entire driving training system in Henan province and has a negative impact on our business performance during the year ended 31 December 2022.

Our total number of course enrollments for the year ended 31 December 2022 recorded an overall decrease of 25.8% from 13,040 for the year ended 31 December 2021 to 9,670. Both Tong Tai School and Shun Da School marked negative growth in the overall number of course enrollments for the year ended 31 December 2022, as comparing to that for the year ended 31 December 2021. The total number of course enrollments of Shun Da School amounted to 1,393 (year ended 31 December 2021: 3,264), representing a significant decrease of approximately 57.3%. The total number of course enrollments of Tong Tai School amounted to 8,277 (year ended 31 December 2021: 9,776), representing a decrease of approximately 15.3%. The overall decrease in the number of course enrollments of both Large Vehicles and Small Vehicles and of both standard and premium courses is also mainly attributable to the sporadic outbreak of Covid-19 pandemic in Henan province resulting in occasional travel restriction imposed by the relevant authorities throughout the year ended 31 December 2022.

For premium courses of Small Vehicles, we recorded a slight growth in the number of course enrollments, with an increase of approximately 22.7% from 3,018 for the year ended 31 December 2021 to 3,702 for the year ended 31 December 2022. However, this slight increase was offset by the decrease in the number of course enrollments for premium courses of Large Vehicles by approximately 35.9% from 6,365 for the year ended 31 December 2021 to 4,082 for the year ended 31 December 2022.

For standard courses, we recorded a significant decrease of approximately 63.1% in the number of course enrollments for standard courses of Large Vehicles from 447 for the year ended 31 December 2021 to 165 for the year ended 31 December 2022, and a significant decrease of approximately 46.4% in the number of course enrollments for standard courses of Small Vehicles from 3,210 for the year ended 31 December 2021 to 1,721 for the year ended 31 December 2022.

The following table sets out a breakdown of the number of course enrollments by our trainees and by types of courses for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021:

	For the year ended 31 December			
	2022		2021	
	<i>Number of course enrollments</i>	<i>%</i>	<i>Number of course enrollments</i>	<i>%</i>
Tong Tai School				
Large vehicles				
– Standard courses	165	1.7	447	3.4
– Premium courses	4,082	42.2	6,365	48.8
Small Vehicles				
– Standard courses	760	7.9	403	3.1
– Premium courses	3,270	33.8	2,561	19.7
Shun Da School				
Small vehicles				
– Standard courses	961	9.9	2,807	21.5
– Premium courses	432	4.5	457	3.5
Total	<u>9,670</u>	<u>100.0</u>	<u>13,040</u>	<u>100.0</u>
Course				
Total standard courses	1,886	19.5	3,657	28.0
Total premium courses	7,784	80.5	9,383	72.0
Total	<u>9,670</u>	<u>100.0</u>	<u>13,040</u>	<u>100.0</u>
Driving school				
Total Tong Tai School	8,277	85.6	9,776	75.0
Total Shun Da School	1,393	14.4	3,264	25.0
Total	<u>9,670</u>	<u>100.0</u>	<u>13,040</u>	<u>100.0</u>
Driving course				
Large Vehicles	4,247	43.9	6,812	52.2
Small Vehicles	5,423	56.1	6,228	47.8
Total	<u>9,670</u>	<u>100.0</u>	<u>13,040</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 year ended 31 December 2022. The overall number of trainees who attended our driving courses for the year ended 31 December 2022 amounted to 12,509 (year ended 31 December 2021: 15,183), representing a decrease of approximately 17.6%. The total revenue of the Group for the year ended 31 December 2022 amounted to approximately RMB47.7 million (year ended 31 December 2021: approximately RMB67.2 million), also representing a decrease of approximately 28.9%. The overall decrease in the number of trainees attended our driving courses for the year ended 31 December 2022 was attributable to a slight increase in the number of trainees attended our standard and premium courses of Small Vehicles for the year ended 31 December 2022 as a result of the introduction of different types of standard and premium course of Small Vehicles which was totally offset by the significant decrease in the number of trainees attended our standard and premium courses of Large Vehicles for the year ended 31 December 2022. Our provision of driving training services for Large Vehicles continued to be our primary source of revenue, accounting for approximately 79.4% of our total revenue (year ended 31 December 2021: 82.7%). Revenue generated from premium courses contributed to approximately 94.5% of our total revenue (year ended 31 December 2021: 92.7%).

The following table sets out a breakdown of the number of trainees attended our driving courses, as well as our revenue by types of vehicles and types of driving courses for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021:

	For the year ended 31 December					
	2022			2021		
	<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	296	550	1.2	548	1,266	1.9
– Premium courses	5,396	37,013	77.5	8,111	53,985	80.4
– Additional training services	N/A	351	0.7	N/A	264	0.4
Sub-total	5,692	37,914	79.4	8,659	55,515	82.7
Small Vehicles						
– Standard courses	2,914	1,456	3.0	2,761	2,987	4.4
– Premium courses	3,903	8,072	17.0	3,763	8,244	12.3
– Additional training services	N/A	292	0.6	N/A	405	0.6
	6,817	9,820	20.6	6,524	11,636	17.3
Total	12,509	47,734	100.0	15,183	67,151	100.0

Future Development and Prospects

In facing the multiple rounds of attack of COVID-19 epidemic in 2022, many industries struggled for survival. In facing the sluggish driving training industry, arduous trainee enrollment tasks and declining employee income, the Board remained insightful, coordinated and tactful and forged ahead amid difficulties. All our employees worked diligently in performing their duties, strived for excellence and focused on trainee enrollment. It was gratifying that the Company had tided over the most difficult year since commencing our driving training business 9 years ago and had accomplished various achievements in our works.

In 2022,

Our strengths recognised. The Company was elected as an “Excellent Case of Private Enterprises” by All-China Federation of Industry and Commerce, was identified as a “Key Laboratory” supporting driving school to the provincial transportation industry by Henan Provincial Department of Transportation, was awarded the “Winning Team” medal in the “Ankang Cup” Competition by Zhumadian Federation of Trade Unions and the medal awardee of “Caring Unit” by the Steering Committee of Spiritual Civilization Construction of Suiping County. One of our driving instructors, won the trophy of “Silver Medal Instructor for Motor Vehicle Driving at the 13th National Transportation Industry Vocational Skills Competition”.

Facilities more advanced. With the relaxation on urban traffic ban due to epidemic prevention, it was expected that the number of trainee enrollment will increase. To meet the expected demand of increasing trainees and training hours, we had to prepare for the expansion of sites and facilities of our training and test sites and purchase new training vehicles and conduct readjustment and optimization to our test sites and facilities. We established C6 test sites and located suitable training fields. The testing venue for Road Safety Written Test of Large Vehicles were set up in Tong Tai School, which is convenient to trainees and is also cost saving.

Recruitment channels expanded. We produced and shot Tik Tok Vibrato and short videos and conducted long-distance and wide-range promotion and publicity of Tong Tai School through broadcasting, which had effectively improved the popularity of the Company and expanded our coverage in the society.

In 2023, we shall focus on trainee enrollment works, we shall be vigilant and work hard to accomplish our trainee enrollment task to ensure the stable and continuous growth of our revenue. With stimulating positive attitude for service as the core, we shall conduct the themed “Striving to Be Gold Instructors and Contributing for the New Era” campaign among all our driving instructors and vigorously carry forward the spirit on dedication to work. We shall improve the working environment and pursue work safety and health in the post-epidemic era; improve the cultural soft power of Tong Tai School and offer every employee with more opportunities and room to demonstrate their value of life.

In 2023, we shall leverage on the intelligence and wisdom of all employees, fully utilise the entrepreneurial and innovative test and training platforms and continue to boost our online publicity on trainee enrollment through various media. With our established foothold in Zhumadian City and market resources in Henan Province, we shall continue to step out and explore the resources in Xinjiang, Hainan, Sichuan, Gansu and Guizhou. We shall seize opportunities under crisis, achieve nirvana and surge amid difficulties.

Financial Review

1. Overview

Our overall financial performance for the year ended 31 December 2022 has worsened as compared to that for the year ended 31 December 2021. We recorded a decline in total revenue by RMB19.4 million (or approximately 28.9%) from RMB67.2 million for the year ended 31 December 2021 to RMB47.7 million for the year ended 31 December 2022. Our gross profit has decreased by RMB11.4 million (or approximately 50.1%) from RMB22.7 million for the year ended 31 December 2021 to RMB11.3 million for the year ended 31 December 2022. Gross profit margin has also decreased by 10.0 percentage points from 33.7% for the year ended 31 December 2021 to 23.7% for the year ended 31 December 2022.

We recorded the net loss attributable to the owners of the Company of approximately RMB8.7 million for the year ended 31 December 2022 as compared to the net loss attributable to the owners of the Company of approximately RMB3.5 million for the year ended 31 December 2021. We also recorded a net loss margin attributable to the owners of the Company of 18.2% for the year ended 31 December 2022 as compared to the net loss margin attributable to the owners of the Company of 5.1% for the year ended 31 December 2021. We recorded the loss before income tax of approximately RMB10.2 million for the year ended 31 December 2022 as compared to the profit before income tax of approximately RMB1.6 million for the year ended 31 December 2021.

2. Revenue

Our revenue decreased by approximately RMB19.4 million, or approximately 28.9% from RMB67.2 million for the year ended 31 December 2021 to RMB47.7 million for the year ended 31 December 2022. 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 RMB17.6 million and RMB1.8 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 year ended 31 December 2022 due to travel restriction occasionally in force in Suiping County, Zhumadian City, caused by sporadic outbreaks of COVID-19 cases.

The revenue generated from the provision of driving training services for Large Vehicles decreased by approximately RMB17.6 million, or approximately 31.7%, from approximately RMB55.5 million for the year ended 31 December 2021 to approximately RMB37.9 million for the year ended 31 December 2022. The decrease was mainly attributable to the combined effect of the decrease in each of the number of trainees who attended our driving courses of Large Vehicles and the actual number of training hours of our trainees of Large Vehicles from 8,659 and 486,813, respectively, for the year ended 31 December 2021 to 5,692 and 307,968, for the year ended 31 December 2022, which offset the positive effect of the higher average course fees per hour recognised as revenue for our standard course of Large Vehicles that contributed a higher gross profit margin during the year ended 31 December 2022.

The revenue generated from the provision of driving training services for Small Vehicles has also decreased by approximately RMB1.8 million, or approximately 15.6%, from approximately RMB11.6 million for the year ended 31 December 2021 to approximately RMB9.8 million for the year ended 31 December 2022. Such decrease was mainly attributable to the decrease in the actual number of training hours of our trainees of Small Vehicles from 171,742 for the year ended 31 December 2021 to 136,972 for the year ended 31 December 2022 even though the number of trainees who attended our driving courses of Small Vehicles increased from 6,524 for the year ended 31 December 2021 to 6,817 for the year ended 31 December 2022 resulted from the increase in the number of trainees who attended our standard course of Small Vehicles, which offset the positive effect of the higher average course fees per hour recognised as revenue for our standard course of Small Vehicles that contributed a higher gross profit margin during the year ended 31 December 2022.

3. *Cost of services rendered*

For the year ended 31 December 2022 and 2021, our Group's cost of services rendered amounted to approximately RMB36.4 million and RMB44.5 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 RMB8.1 million, or approximately 18.1%, from approximately RMB44.5 million for the year ended 31 December 2021 to approximately RMB36.4 million for the year ended 31 December 2022.

Employee benefit expenses decreased by approximately RMB5.2 million, or approximately 29.0%, from approximately RMB18.0 million for the year ended 31 December 2021 to approximately RMB12.8 million for the year ended 31 December 2022 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 RMB1.7 million, or approximately 16.1%, from approximately RMB10.8 million for the year ended 31 December 2021 to approximately RMB9.0 million for the year ended 31 December 2022. This decrease was mainly attributable to the decrease in the actual number of training hours of our trainees which was partially offset by the overall increase in the average unit price of gasoline during the year ended 31 December 2022. Our depreciation on property, plant and equipment and rights-of-use assets is stable at approximately RMB11.0 million and RMB10.8 million for the year ended 31 December 2021 and 2022, respectively.

4. *Gross profit and gross profit margin*

Our overall gross profit from the provision of driving training services decreased by approximately RMB11.4 million, or approximately 50.1%, from approximately RMB22.7 million for the year ended 31 December 2021 to approximately RMB11.3 million for the year ended 31 December 2022 in line with the decrease in the revenue. Our gross profit margin from the provision of driving training services decreased by approximately 10.0 percentage points from approximately 33.7% for the year ended 31 December 2021 to approximately 23.7% for the year ended 31 December 2022.

Our gross profit for provision of driving training services for Large Vehicles decreased by approximately RMB11.0 million, or approximately 52.8%, from approximately RMB20.8 million for the year ended 31 December 2021 to approximately RMB9.8 million for the year ended 31 December 2022. Our gross profit margin from the provision of driving training services for Large Vehicles decreased by approximately 11.6 percentage points from approximately 37.5% for the year ended 31 December 2021 to approximately 25.9% for the year ended 31 December 2022. The decrease in both gross profit and gross profit margin was in line with the decrease in the number of the trainees who attended our driving training course and the decrease in the actual number of training hours of our trainees of Large Vehicles in addition to the overall increase in the average unit price of gasoline during the year ended 31 December 2022.

Our gross profit for provision of driving training services for Small Vehicle decreased by approximately RMB0.4 million, or approximately 20.1%, from approximately RMB1.9 million for the year ended 31 December 2021 to approximately RMB1.5 million for the year ended 31 December 2022 which was in line with the decrease in revenue from the provision of driving training services for Small Vehicles resulted from the decrease in the actual number of training hours of our trainees of Small Vehicles. Our gross profit margin from the provision of driving training services for Small Vehicles slightly decreased by approximately 0.8 percentage points from approximately 15.9% for the year ended 31 December 2021 to approximately 15.1% for the year ended 31 December 2022, which was mainly attributable to the increase in the fuel expenses due to the overall increase in the average unit price of gasoline despite the overall decrease in the actual number of training hours of our trainees of Small Vehicles during the year ended 31 December 2022, which offset the positive effect of the higher average course fees per hour for our standard course of Small Vehicles that contributed a higher gross profit margin during the year ended 31 December 2022.

5. *Other income and losses, net*

Our other income and losses, net decreased by approximately RMB1.0 million, or approximately 38.3%, from approximately RMB2.6 million for the year ended 31 December 2021 to approximately RMB1.6 million for the year ended 31 December 2022 which was mainly attributable to (i) significant decrease in income from issuance of certificate of qualification validation from approximately RMB1.3 million for the year ended 31 December 2021 to approximately RMB0.5 million for the year ended 31 December 2022; and (ii) significant decrease in value-added tax refund from approximately RMB0.6 million for the year ended 31 December 2021 to approximately RMB0.1 million for the year ended 31 December 2022.

6. *Selling and marketing expenses*

Our selling and marketing expenses increased by approximately RMB0.4 million, or approximately 13.3%, from approximately RMB3.0 million for the year ended 31 December 2021 to approximately RMB3.4 million for the year ended 31 December 2022. Such increase was mainly attributable to the increase in marketing and advertising expenses.

7. *Administrative expenses*

Our administrative expenses decreased by approximately RMB1.6 million, or approximately 9.7%, from approximately RMB16.8 million for the year ended 31 December 2021 to approximately RMB15.1 million for the year ended 31 December 2022. Such decrease was mainly attributable to the decrease in the entertainment and travelling expenses due to the travel restriction occasionally in force in Suiping County, Zhumadian City, caused by sporadic outbreaks of COVID-19 cases throughout the year of 2022.

8. Finance costs

Our finance costs increased by approximately RMB0.7 million, or approximately 17.8%, from approximately RMB3.9 million for the year ended 31 December 2021 to approximately RMB4.6 million for the year ended 31 December 2022. Such increase was mainly attributable to the increase in interest paid for our new bank borrowing for the acquisition of equipment and training vehicles for replacement and the potential acquisition of new leasehold land.

9. Income tax credit/(expense)

We recorded an income tax credit for the year ended 31 December 2022 of approximately RMB1.6 million as compared to our income tax expense for the year ended 31 December 2021 of approximately RMB5.1 million, which was mainly attributable to the combined effect of (i) the deferred tax expense recognised for the temporary difference in depreciation of property, plant and equipment of approximately RMB0.1 million and the deferred tax credited for the temporary difference in revenue recognition of approximately RMB0.9 million for the year ended 31 December 2022, respectively, as compared to the deferred tax expense recognised for the temporary difference in depreciation of property, plant and equipment of approximately RMB3.1 million and revenue recognition of approximately RMB1.8 million for the year ended 31 December 2021, respectively and (ii) income tax credit recognised for deductible tax loss of our subsidiaries in the PRC for the year ended 31 December 2022 of approximately RMB1.4 million.

10. Loss and total comprehensive loss for the year

As a result of the above factors, we recorded loss and total comprehensive loss for the year ended 31 December 2022 of approximately RMB8.7 million as compared to our loss and total comprehensive loss of approximately RMB3.5 million for the year ended 31 December 2021, which was mainly attributable to (i) the overall decrease in each of the number of trainees who attended our driving courses of Large and Small vehicles as well as the actual number of training hours; (ii) the lower gross profit margin of Large and Small Vehicles due to the increased average unit price of gasoline; (iii) the decrease in other income and losses, net; and (iv) income tax credit recognised for the year ended 31 December 2022 as compared to income tax expense recognised for the year ended 31 December 2021. Accordingly, the net loss margin attributable to owners of the Company was 18.2% and 5.1% for the year ended 31 December 2022 and 2021, respectively.

11. Liquidity and Source of Funding and Borrowing

The Group's bank balances and cash increased from approximately RMB175.2 million as at 31 December 2021 to approximately RMB182.3 million as at 31 December 2022, which was mainly attributable to the increase in cash flows generated from the financing activities. The Group has concentration of credit risk arising from bank balances as there was a bank which individually contributed an amount of approximately RMB135.6 million (2021: RMB104.8 million), representing 74.6% (2021: 59.8%) of the Group's bank balances as at 31 December 2022. 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 (2021: RMB26.8 million) to the Group.

As at 31 December 2022, the current assets of the Group amounted to approximately RMB183.1 million, including approximately RMB182.3 million in bank balances and cash, and approximately RMB0.8 million in trade and other receivables, deposits and prepayments. The current liabilities of the Group amounted to approximately RMB98.5 million, including approximately RMB17.4 million in trade and other payables and accruals, approximately RMB23.3 million in contract liabilities, approximately RMB1.4 million in tax liabilities, approximately RMB55.2 million in borrowings and approximately RMB1.1 million in lease liabilities. As at 31 December 2022, the current ratio of the Group, which is equivalent to the current assets divided by the current liabilities, was 1.86 (31 December 2021: 2.11).

As of 31 December 2022, the Group had aggregate interest-bearing borrowings of approximately RMB55.2 million which are repayable within one year, as compared to approximately RMB32.8 million which are repayable within one year and approximately RMB9.0 million which are repayable within a period of more than one year but not exceeding two years as of 31 December 2021. The increase in borrowings is mainly due to the new bank loans in January 2022.

12. Gearing ratio

As at 31 December 2022, 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 2021: 0.21 times).

13. Material Investments

The Group did not make any material investments during the year ended 31 December 2022.

14. Material acquisitions and disposals

The Group did not make any material acquisitions and disposals during the year ended 31 December 2022.

15. Borrowings and pledge of Assets

As of 31 December 2022, the Group had an aggregate interest-bearing borrowings of approximately RMB55.2 million as compared to approximately RMB41.8 million as of 31 December 2021. The borrowings of RMB55.2 million are repayable within one year.

As of 31 December 2022, the Group's borrowings of approximately RMB55.2 million were at fixed interest rates. As at 31 December 2022, the current portion borrowings of the Group amounting to approximately RMB55.2 million were guaranteed and pledged by certain prepaid land lease payments/rights-of-use assets, office buildings and the operation rights of certain subsidiaries of the Group.

16. Contingent Liabilities

As at 31 December 2022, our Group did not have any material contingent liabilities or guarantees and no member of our Group was involved in any claim, litigation or arbitration of material importance and no claim, litigation or arbitration of material importance is known to our Directors to be pending or threatened against any member of our Group. Accordingly, no provision for the contingent liabilities in respect of litigation is necessary.

17. Foreign Exchange Exposure

As at 31 December 2022, the Group's exposure to foreign currency risk related primarily to certain bank balances and other payables denominated in HK\$. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign currency exposure and will consider hedging foreign currency exposure should the need arises.

18. *Employee and Remuneration Policy*

As at 31 December 2022, we had 295 employees, representing a decrease from that of 423 employees as at 31 December 2021. The number of employees employed by the Group varies from time to time depending on need. Employees' remuneration is determined in accordance with prevailing industry practice and employees' working experiences and performance. The remuneration policy and package of the Group's employees are periodically reviewed. As required by the PRC laws and regulations, the Company participates in various employee social security plans for its employees that are administered by local governments, including among others, housing provident funds, pensions, medical insurance, social insurance and unemployment insurance.

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

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

The total employees benefit expenses incurred by the Group for the year ended 31 December 2022 was approximately RMB18.2 million (for the year ended 31 December 2021: approximately RMB23.1 million).

The following table sets forth the total number of Directors and employees by function as at 31 December 2022:

Function	<i>Number of employees</i>	<i>% of the total</i>
Directors	6	2.0
Driving instructors	194	65.8
Sale and marketing	27	9.2
Finance and accounting	8	2.7
Teaching affair office	18	6.1
Administration	37	12.5
Vehicle management	5	1.7
Total	<u>295</u>	<u>100.0</u>

Subsequent Events

There are no material events subsequent to 31 December 2022 which would materially affect the operating and financial performance of the Group as of the date of this announcement.

USE OF PROCEEDS

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

As at 31 December 2022, a total of approximately HK\$37.0 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 31 December 2022 <i>HK\$'000</i>	Unutilised amount as at 31 December 2022 <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	4,305	6,103	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>36,981</u>	<u>71,437</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.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend to Shareholders for the year ended 31 December 2022 (year ended 31 December 2021: Nil).

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

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

During the year ended 31 December 2022, 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 two members, namely Mr. Wan San Fai Vincent (as the chairman) and Mr. Chan Siu Wah, all being independent non-executive Directors.

The Audit Committee has discussed with the management in reviewing the consolidated financial statements of the Group for the year ended 31 December 2022. The Audit Committee is of the view that such results complied with the applicable accounting standards and requirements under the Listing Rules and other applicable legal and regulatory requirements.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2022, consolidated statement of profit or loss and other comprehensive loss and the related notes to the consolidated financial statements thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Company's independent auditor, Moore Stephens CPA Limited, Certified Public Accountants, to the amounts as set out in the Group's audited consolidated financial statements for the year ended 31 December 2022 and the amounts were found to be in agreement. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens CPA Limited on this announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange at (www.hkexnews.hk) and the website of the Company at (www.china-oriented.com). The annual report of the Group for the year ended 31 December 2022 will also be published on the aforesaid websites and will be dispatched to the Shareholders in due course.

ACKNOWLEDGEMENT

On behalf of the Board, we would like to express our sincere gratitude to our 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” or “we”	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 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

30 March 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 two independent non-executive Directors, namely Mr. Wan San Fai Vincent and Mr. Chan Siu Wah.