



粉笔有限公司  
Fenbi Ltd.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2469



**2024**  
Interim Report



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. ZHANG Xiaolong (*Chairman and Chief Executive Officer*)

Mr. WEI Liang

### Non-executive Directors

Mr. LI Yong

Mr. LI Xin

### Independent Non-executive Directors

Mr. QIU Dongxiao Larry

Mr. YUEN Kai Yiu Kelvin

Ms. YUAN Jia

## AUDIT COMMITTEE

Mr. YUEN Kai Yiu Kelvin (*Chairman*)

Mr. QIU Dongxiao Larry

Ms. YUAN Jia

## REMUNERATION COMMITTEE

Mr. QIU Dongxiao Larry (*Chairman*)

Mr. ZHANG Xiaolong

Mr. WEI Liang

Mr. YUEN Kai Yiu Kelvin

Ms. YUAN Jia

## NOMINATION COMMITTEE

Mr. ZHANG Xiaolong (*Chairman*)

Mr. WEI Liang

Mr. QIU Dongxiao Larry

Mr. YUEN Kai Yiu Kelvin

Ms. YUAN Jia

## JOINT COMPANY SECRETARIES

Ms. WANG Tao

Mr. LEE Chung Shing

## AUTHORIZED REPRESENTATIVES

Mr. WEI Liang

Ms. WANG Tao

## AUDITOR

PricewaterhouseCoopers

*Certified Public Accountants and*

*Registered Public Interest Entity Auditor*

22/F, Prince's Building, Central

Hong Kong

## COMPLIANCE ADVISOR

Maxa Capital Limited

Unit 2602, 26/F, Golden Centre

188 Des Voeux Road Central

Sheung Wan

Hong Kong

## REGISTERED OFFICE

190 Elgin Avenue

George Town

Grand Cayman KY1-9008

Cayman Islands

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited

190 Elgin Avenue

George Town

Grand Cayman KY1-9008

Cayman Islands

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712–1716, 17th Floor

Hopewell Centre

183 Queen's Road East, Wan Chai

Hong Kong

## CORPORATE HEADQUARTERS

1–6/F, Building 103, No. 10 Courtyard

Jiuxianqiao North Road

Chaoyang District

Beijing, PRC

## PRINCIPAL BANKS

China Merchants Bank, Beijing Branch

China CITIC Bank, Beijing Branch

Shanghai Pudong Development Bank, Beijing Branch





# Corporate Information

## HONG KONG LEGAL ADVISER

Wilson Sonsini Goodrich & Rosati  
Suite 1509, 15/F, Jardine House  
1 Connaught Place, Central  
Hong Kong

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

46/F, Hopewell Centre  
183 Queen's Road East, Wan Chai  
Hong Kong

## WEBSITE

[www.fenbi.com](http://www.fenbi.com)

## STOCK CODE

2469





# Results Highlights

## Financial Results

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	<b>1,630,470</b>	1,682,333
Gross profit	<b>883,203</b>	855,680
Net profit for the period	<b>277,739</b>	81,476
Adjusted net profit (non-IFRS measure) <i>Note</i>	<b>349,097</b>	288,040

*Note:* We define adjusted net profit (non-IFRS measure) as profit for the period adjusted by share-based payments and fair value losses of financial liabilities at fair value through profit or loss.

## Operating Information

	As of/for the six months ended June 30, 2024	As of/for the year ended December 31, 2023	As of/for the six months ended June 30, 2023
Employees	<b>7,564</b>	7,325	7,208
Full-time instructors	<b>3,145</b>	3,225	3,536
Other staff	<b>4,419</b>	4,100	3,672
Average monthly active users	<b>9.2 million</b>	9.1 million	9.2 million





# Management Discussion and Analysis

## BUSINESS OVERVIEW

We are a non-formal vocational education and training (“VET”) service provider in China, dedicated to making high-quality non-formal VET services accessible through technology and innovation. As a leading career test preparation service provider in China, we provide a comprehensive suite of recruitment and qualification examination tutoring courses for adult students pursuing careers in government-sponsored institutions and a number of professions and industries. We help college graduates excel in the competitive selection process administered by governmental institutions, and help professionals obtain the relevant qualifications. Most importantly, we help our students advance their personal development and fulfill their own potentials. Leveraging our high-quality tutoring services, comprehensive course offerings and student-centric teaching philosophy, we have successfully established “Fenbi” amid the most recognized brands in China’s career test preparation industry.

We have followed an integrated approach to develop a comprehensive portfolio of career test preparation products and services that generate significant synergies. We deliver our tutoring services through omni-channels. Leveraging our online business strengths and the capability to integrate offline teaching resources, we have developed an advanced portfolio of course offerings:

- **Online learning products.** Online learning products include membership packages and challenge exercises. We offer members access to exam notes and videos explaining exercises, news updates, hot topics, exercise sets, and course materials on the Fenbi online platform. The monthly price for membership packages of major subjects is generally between RMB20 to RMB70, based on the benefits and duration of the membership. The challenge exercises are generally priced between RMB99 to RMB598. Our system recommends different sets of exercises to students based on their areas of improvement and suitable difficulty level, which they can “pass through” one by one as they progress in the learning process. Students who achieve the target score within a prescribed period will be granted a partial or full refund of the purchase price. For the six months ended June 30, 2024, revenue generated from the online learning products amounted to approximately RMB64.5 million.
- **Large-class tutoring courses.** Large-class courses, which are live tutoring courses mainly including systematic courses, feature high-caliber instructors and well-designed curricula. These courses provide systematic knowledge explanations and relevant exercises to empower students throughout their examination preparation process. Our online large-class tutoring courses typically have over 1,000 students, with teaching durations ranging from 30 to 90 days and are generally priced between RMB300 to RMB980. For the six months ended June 30, 2024, revenue generated from the large-class tutoring courses amounted to approximately RMB265.7 million.
- **Small-class tutoring sessions.** Small-class tutoring sessions are primarily conducted online or through an integrated online and offline teaching model. Our written test classes for major subjects typically have 30 to 60 students, with tutoring durations ranging from 30 to 120 days. The written test classes for civil servants examination are generally priced over RMB7,000. Our interview test classes for major subjects typically have 8 to 12 students, with tutoring durations ranging from 5 to 15 days. The interview test classes for civil servants examination are generally priced over RMB8,000. Our small-class tutoring sessions offer personalized tutoring services for students, utilizing the internet to effectively manage the quality of our teaching staff and their teaching performance, ensuring consistent teaching results across different classes, thereby gradually achieving the brand recognition for our course products. Leveraging our proprietary technology and extensive learning behavior data, our online learning system comprehensively tracks students’ learning paths and provides real-time feedback on their weaknesses, significantly enhancing the teaching efficiency. For the six months ended June 30, 2024, revenue generated from the small-class tutoring sessions amounted to approximately RMB1,025.9 million.
- **Other tutoring courses.** Other tutoring courses include special tutoring courses and promotional courses. For the six months ended June 30, 2024, revenue generated from other tutoring courses amounted to approximately RMB22.7 million.





# Management Discussion and Analysis

We operate a scalable business benefiting from our solid online presence and the significant synergies achieved through an innovative online-merge-offline model (the “**OMO Model**”). We are the first internet-born recruitment examination tutoring service provider that integrated offline resources and achieved economies of scale in omni-channels to create unique competitive advantages.

## OUTLOOK

Given the current job market trend, we anticipate sustained interest in government-sponsored job positions among job-seekers. The significant increase in the number of exam applicants over the short to medium term will contribute to the growth of the number of participants. However, due to the lower concentration of the recruitment examination tutoring industry, the average transaction value of the overall industry has been under certain pressure, with a slight increase in the revenue size of the industry on the whole. Regardless of the changes in overall environment and industry conditions, what remains unchanged is the demand in pursuit of high-quality educational services from users, who are willing to pay the cost, or even a premium, for desired services.

The increased popularity of government-sponsored job positions has resulted in more time devoted by students to preparing for exams, reflected by a significant increase in the number of students of long-term courses. It is difficult to differentiate the learning results when there are limits for extension of learning time, in which case the learning quality and learning efficiency will play a greater role as it is based on superior educational research, excellent teaching staff and technology that meets the needs, which are exactly the advantages of the Company.

In terms of small-class tutoring sessions, our OMO Model has been fully launched, which is able to provide students with personalized schedules for exam preparation, through the combination of the scene of offline courses with the high-quality study reminder and question answering services provided by excellent teachers online in addition to the technology. Capitalizing on this model, weakness can be identified in a short period of time, and scores can be improved in a fast manner through targeted exercises and explanations, thereby achieving outstanding learning results.

In light of the aforementioned factors, the revenue of the Company is expected to maintain a steady growth, and there will also be substantial potential for further optimization in our profit margins and operational efficiency without prejudice to our high level of teaching quality.

## FINANCIAL REVIEW

### Revenue

Our revenue decreased by 3.1% from RMB1,682.3 million for the six months ended June 30, 2023 to RMB1,630.5 million for the six months ended June 30, 2024. The following table sets forth a breakdown of our revenue, both in absolute amounts and as a percentage of total revenue, by business line for the periods indicated.

	Six months ended June 30,			
	2024		2023	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
<b>Tutoring services</b>	<b>1,378,783</b>	<b>84.6</b>	1,422,978	84.6
<b>Sales of books</b>	<b>251,687</b>	<b>15.4</b>	259,355	15.4
<b>Total</b>	<b>1,630,470</b>	<b>100.0</b>	1,682,333	100.0



# Management Discussion and Analysis

- *Tutoring services.* Our revenue generated from tutoring services decreased by 3.1% from RMB1,423.0 million for the six months ended June 30, 2023 to RMB1,378.8 million for the six months ended June 30, 2024, primarily due to the scheduling overlap between the written tests for unified public institution employee examinations and the provincial unified civil servants examinations in the first half of 2024, which resulted in a decrease in our sales volume of public institution employees examination tutoring courses.
- *Sales of books.* Revenue generated from sales of books was related to (1) standalone sales activities in relation to our textbooks and learning materials through e-commerce platforms or to third-party book sellers, and (2) sales that accompany our tutoring services. Our revenue generated from sales of books decreased by 3.0% from RMB259.4 million for the six months ended June 30, 2023 to RMB251.7 million for the six months ended June 30, 2024, primarily due to the decrease in our sales volume of public institution employees examination textbooks and learning materials for the reasons discussed above.

## Cost of revenue

Our cost of revenue decreased by 9.6% from RMB826.7 million for the six months ended June 30, 2023 to RMB747.3 million for the six months ended June 30, 2024 for the following reasons.

- *Tutoring services.* Our cost of revenue related to tutoring services decreased by 11.6% from RMB656.5 million for the six months ended June 30, 2023 to RMB580.2 million for the six months ended June 30, 2024, primarily due to the decrease in employee benefit expenses as we improved our tutoring efficiency with AI and other online technologies and reduced bonuses in connection with our teaching staff.
- *Sales of books.* Our cost of revenue related to sales of books decreased by 1.8% from RMB170.1 million for the six months ended June 30, 2023 to RMB167.1 million for the six months ended June 30, 2024, in line with the decrease in revenue generated from sales of books.

## Gross profit and gross profit margin

Our gross profit increased by 3.2% from RMB855.7 million for the six months ended June 30, 2023 to RMB883.2 million for the six months ended June 30, 2024, and the corresponding gross profit margin increased from 50.9% to 54.2%. The following table sets forth a breakdown of our gross profit and gross profit margin by business line for the periods indicated.

	Six months ended June 30,			
	2024		2023	
	Gross profit	Gross profit	Gross profit	Gross
	margin	margin	profit	profit margin
	%	%	RMB'000	%
			(Unaudited)	
	RMB'000			
	(Unaudited)			
<b>Tutoring services</b>	<b>798,623</b>	<b>57.9</b>	766,468	53.9
<b>Sales of books</b>	<b>84,580</b>	<b>33.6</b>	89,212	34.4
<b>Total</b>	<b>883,203</b>	<b>54.2</b>	855,680	50.9





# Management Discussion and Analysis

- *Tutoring services.* Our gross profit margin for tutoring services increased from 53.9% for the six months ended June 30, 2023 to 57.9% for the six months ended June 30, 2024, primarily due to (1) the decrease in employee benefit expenses and (2) the enhancement in our operating efficiency.
- *Sales of books.* Our gross profit margin for sales of books remained relatively stable at 34.4% and 33.6% for the six months ended June 30, 2023 and 2024, respectively.

## Administrative expenses

Our administrative expenses decreased by 38.3% from RMB319.8 million for the six months ended June 30, 2023 to RMB197.5 million for the six months ended June 30, 2024, primarily due to the decrease in share-based payments for our administrative personnel.

## Selling and marketing expenses

Our selling and marketing expenses increased by 5.3% from RMB304.3 million for the six months ended June 30, 2023 to RMB320.3 million for the six months ended June 30, 2024, primarily because we strategically increased our marketing expenses in line with our long-term business development strategy.

## Research and development expenses

Our research and development expenses decreased by 24.4% from RMB143.1 million for the six months ended June 30, 2023 to RMB108.2 million for the six months ended June 30, 2024, primarily due to the decrease in share-based payments for our research and development personnel.

## Net impairment losses on financial assets

Our net impairment losses on financial assets increased by 81.9% from RMB1.0 million for the six months ended June 30, 2023 to RMB1.8 million for the six months ended June 30, 2024, primarily due to the increase in impairment provisions on prepayments and other receivables.

## Other income

Our other income increased by 46.0% from RMB9.3 million for the six months ended June 30, 2023 to RMB13.6 million for the six months ended June 30, 2024, primarily due to (1) the increase in interest income of other financial assets at amortised cost and (2) the increase in government grants.

## Other gains/(losses), net

We recorded other gains, net of RMB1.4 million for the six months ended June 30, 2024, as compared to other losses, net of RMB26.5 million for the six months ended June 30, 2023, primarily due to the decrease in net foreign exchange losses.

## Finance income, net

Our finance income, net increased by 65.9% from RMB10.2 million for the six months ended June 30, 2023 to RMB17.0 million for the six months ended June 30, 2024, primarily due to (1) the increase in term deposits with an initial term of over three months and (2) the decrease in foreign exchange losses as a result of adjustments in our capital management structure.

## Profit before income tax

As a result of the foregoing, we recorded profit before income tax of RMB287.3 million for the six months ended June 30, 2024.



# Management Discussion and Analysis

## Income tax credit/(expense)

We recorded income tax expense of RMB9.6 million for the six months ended June 30, 2024, as compared to income tax credit of RMB5.8 million for the six months ended June 30, 2023, primarily due to the recognition of deferred tax assets for eligible losses we carried forward against future taxable income on June 30, 2023, which were not materially updated on June 30, 2024.

## Profit for the period

As a result of the foregoing, we recorded net profit of RMB277.7 million for the six months ended June 30, 2024, representing net profit margin of 17.0%.

## Non-IFRS measure

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted net profit as additional financial measures, which are not required by, or presented in accordance with IFRS. We define adjusted net profit (non-IFRS measure) as profit for the period adjusted by share-based payments and fair value losses on financial liabilities at fair value through profit or loss. Share-based payments arise from granting options and restricted share units to employees. We exclude share-based payments as such expenses are non-cash in nature and do not result in cash outflows. Fair value losses on financial liabilities at fair value through profit or loss represent fair value changes relating to convertible preferred shares issued in our equity financings. We believe that the non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain non-cash or non-recurring items that our management does not consider indicative of our operating performance.

The following table reconciles our adjusted net profit for the period presented to the most directly comparable financial measure calculated and presented under IFRS.

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<b>277,739</b>	81,476
<i>Add:</i>		
Share-based payments	<b>71,358</b>	201,711
Fair value losses of financial liabilities at fair value through profit or loss	—	4,853
<b>Adjusted net profit (non-IFRS measure)</b>	<b>349,097</b>	288,040

## Contract assets

Contract assets primarily represented our right to consideration in relation to our postpaid contractual classes that allow for postponed payment of a portion of the course fees only upon passing the relevant examinations. Our contract assets increased from RMB38.9 million as of December 31, 2023 to RMB57.3 million as of June 30, 2024, primarily due to the increase in the sales volume of our postpaid contractual classes as we adjusted our business development strategy to meet the market demand.



# Management Discussion and Analysis

## Contract liabilities

Our contract liabilities primarily represented prepaid course fees we received from our students for our tutoring services, for which our performance obligation had not been satisfied. Our contract liabilities increased from RMB149.5 million as of December 31, 2023 to RMB212.2 million as of June 30, 2024, primarily due to the increase in the sales volume of our prepaid courses for the upcoming exam season, with course fees not yet recognized as revenue. The majority of contract liabilities were expected to be recognized within one year.

## Refund liabilities

Our refund liabilities represented primarily the courses fees which we do not expect to be entitled to, including primarily the portion of course fees of our contractual classes for which we expect withdrawals or no-pass refund requests, and to a much lesser extent, the portion of course fees of other non-contractual classes at withdrawal and our online learning products, mainly including the challenge exercise product. Our refund liabilities decreased from RMB227.1 million as of December 31, 2023 to RMB188.8 million as of June 30, 2024, primarily because (1) we adjusted our business development strategies, and as a result, reduced the proportion of the course fees of contractual classes that are subject to refund for no-pass and (2) we made refunds in the six months ended June 30, 2024 following the results announcement of civil servants examinations.

## Liquidity and capital resources

For the six months ended June 30, 2024, our primary use of cash is to fund the daily operations of our business. We financed our capital expenditures and working capital requirements primarily through cash generated from our operating activities.

We have continued to maintain a healthy and sound financial position and have followed a set of funding and treasury policies to manage our capital resources and mitigate potential risks involved. Our net current assets decreased from RMB1,048.6 million as of December 31, 2023 to RMB889.5 million as of June 30, 2024, primarily due to the increases in term deposits with an initial term of over three months, which are classified as non-current assets.



# Management Discussion and Analysis

## Cash and cash equivalents

Our cash and cash equivalents primarily consisted of bank deposits on demand. Our cash and cash equivalents remained relatively stable at RMB671.5 million and RMB689.4 million as of December 31, 2023 and June 30, 2024, respectively.

The following table sets forth our cash flows for the periods indicated.

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	234,690	375,247
Net cash generated from/ (used in) investing activities	157,223	(228,329)
Net cash (used in)/generated from financing activities	(378,316)	78,429
Net increase in cash and cash equivalents	13,597	225,347
Cash and cash equivalents at beginning of the period	671,530	1,047,402
Exchange difference	4,317	62,580
Cash and cash equivalents at the end of the period	689,444	1,335,329

## Exposure to exchange rate fluctuation

The functional currency of our subsidiaries in China is Renminbi, while the functional currency of our Company and subsidiaries outside China is U.S. dollar. Foreign exchange risk arises from the fluctuation in exchange where our monetary assets are denominated in currency other than functional currency. We recognized net foreign exchange losses of RMB33.3 million and RMB2.1 million for the six months ended June 30, 2023 and 2024, respectively.

In addition, for the six months ended June 30, 2024, we recorded exchange differences on translation of RMB8.6 million as other comprehensive income, as compared to RMB65.8 million for the six months ended June 30, 2023, primarily due to the exchange rate fluctuation.

We have continued to closely track and manage our exposure to fluctuation in foreign exchange rates confronted by the majority of our deposits in foreign currencies. We invested in foreign exchange derivatives to manage our exposure to foreign exchange risk in relation to proceeds from our equity financing denominated in U.S. dollars. Our management will continue to monitor the movement of the foreign currency rates and will take measures when necessary for the purpose of reducing our exposure to foreign currency exchange risk.

## Capital expenditure

For the six months ended June 30, 2024, our total capital expenditure amounted to RMB6.1 million, as compared to RMB9.8 million for the six months ended June 30, 2023, which primarily consisted of purchases of property, plant and equipment. We funded our capital expenditure requirements primarily through cash generated from our operating activities for the six months ended June 30, 2024.

## Capital commitments

As of June 30, 2024, we did not have any significant capital commitments (December 31, 2023: nil).



# Management Discussion and Analysis

## Contingent liabilities

As of June 30, 2024, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against any member of our Group.

## Significant investments, material acquisitions and disposals

For the six months ended June 30, 2024, we did not hold any significant investments, nor did we have any material acquisitions or disposals of subsidiaries and affiliated companies.

## Future plans for material investments and capital assets

Save as disclosed in the Prospectus and this interim report, we did not have other substantial future plans for material investments and capital assets.

## Charge on Group's assets

As of June 30, 2024, we had no charges on our assets (December 31, 2023: nil).

## Borrowings and gearing ratio

As of June 30, 2024, we did not have any outstanding bank loans or other borrowings. Accordingly, the gearing ratio as of June 30, 2024 (as calculated by total interest-bearing bank borrowings divided by total equity as of the period end) was not applicable (December 31, 2023: N/A).

## Key financial indicators

The following table sets forth certain of our key financial ratios as of the dates and for the periods indicated.

	<b>As of/for the six months ended June 30,</b>	
	<b>2024</b>	2023
<b>Profitability ratios</b>		
Gross profit margin <sup>(1)</sup>	<b>54.2%</b>	50.9%
Net profit margin <sup>(2)</sup>	<b>17.0%</b>	4.8%
Adjusted net profit margin (non-IFRS measure) <sup>(3)</sup>	<b>21.4%</b>	17.1%
<b>Liquidity ratios</b>		
Current ratio <sup>(4)</sup>	<b>2.3</b>	2.3
Quick ratio <sup>(5)</sup>	<b>2.2</b>	2.2

(1) The calculation of gross profit margin is based on gross profit divided by revenue for the period indicated and multiplied by 100.0%.

(2) The calculation of net profit margin is based on net profit divided by revenue for the period indicated and multiplied by 100.0%.

(3) The calculation of adjusted net profit margin, a non-IFRS measure, is based on adjusted net profit divided by revenue for the period indicated and multiplied by 100.0%.

(4) The calculation of current ratio is based on current assets divided by current liabilities as of the period end.

(5) The calculation of quick ratio is based on current assets less inventories divided by current liabilities as of the period end.



## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of June 30, 2024, to the best knowledge of the Directors, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### (A) Interest in the Company

Name of Director/ Chief Executive	Capacity/Nature of interest	Number of Shares held	Approximate percentage of interest <sup>(1)</sup>
Mr. ZHANG Xiaolong <sup>(2)(3)</sup>	Beneficial interest	491,500 (L)	0.02%
	Interest in controlled corporation	257,200,000 (L)	11.22%
		35,000,000 (S)	1.53%
	Interest held jointly with another person	463,133,500 (L)	20.20%
Mr. WEI Liang <sup>(2)(4)</sup>		15,000,000 (S)	0.65%
	Interest in controlled corporation	85,165,000 (L)	3.71%
		15,000,000 (S)	0.65%
	Interest held jointly with another person	635,660,000 (L)	27.73%
Mr. LI Yong <sup>(2)(5)</sup>		35,000,000 (S)	1.53%
	Interest in controlled corporation	259,736,000 (L)	11.33%
	Interest held jointly with another person	461,089,000 (L)	20.11%
Mr. LI Xin <sup>(2)(6)</sup>		50,000,000 (S)	2.18%
	Beneficial interest	67,154,500 (L)	2.93%
	Interest in controlled corporation	51,058,000 (L)	2.23%
	Interest held jointly with another person	602,592,500 (L)	26.28%
		50,000,000 (S)	2.18%

#### Notes:

The letter "L" denotes the person's long position in the Shares and the letter "S" denotes the person's short position in the Shares.

- (1) The calculation is based on the total number of 2,292,628,580 Shares in issue as of June 30, 2024.
- (2) Mr. Zhang, Mr. WEI Liang, Mr. LI Yong and Mr. LI Xin entered into a concert party agreement to acknowledge and confirm their acting-in-concert relationship in relation to the Company. Please refer to "History, Reorganization and Corporate Structure" and "Relationship with Our Controlling Shareholders — Our Controlling Shareholders" in the Prospectus for details. Under the SFO, Mr. Zhang, Mr. WEI Liang, Mr. LI Yong and Mr. LI Xin are deemed to be interested in the Shares which each other has interest in.
- (3) Mr. ZHANG Xiaolong is deemed to be interested in the entire interests held by Chalk Sky Ltd, which is owned as to (a) 99.998% by Sonata (BVI) Limited, which is in turn wholly owned by Ocorian Trust Company as the trustee for ZXL Family Trust with Mr. ZHANG Xiaolong as the settlor and protector, and (b) 0.002% by Chalk Star Ltd, which is wholly owned by Mr. ZHANG Xiaolong. On May 16, 2024, for financing purpose, Chalk Sky Ltd entered into an equity collar option transaction with a bank, pursuant to which Chalk Sky Ltd entered into certain call and put options referencing a maximum of 35,000,000 Shares and delivered 35,000,000 Shares to the bank under a credit support annex with a return obligation.

## Other Information

- (4) Mr. WEI Liang is deemed to be interested in the entire interests held by Chalk World Ltd, which is owned as to (a) 99.998% by Creciendo (BVI) Limited, which is in turn wholly owned by Ocorian Trust Company as the trustee for WL Family Trust with Mr. WEI Liang as the settlor and protector, and (b) 0.002% by Chalk Wonder Ltd, which is wholly owned by Mr. WEI Liang. On May 16, 2024, for financing purpose, Chalk World Ltd entered into an equity collar option transaction with a bank, pursuant to which, Chalk World Ltd entered into certain call and put options referencing a maximum of 15,000,000 Shares and delivered 15,000,000 Shares to the bank under a credit support annex with a return obligation.
- (5) Liang Ma Limited is wholly-owned by Mr. LI Yong.
- (6) Green Creek Holding Limited is wholly-owned by Mr. LI Xin. Taurus Fund L.P. is a Cayman Islands Limited partnership, the general partner of which is controlled by Mr. LI Xin. Mr. LI Xin is deemed to be interested in the entire interests held by Green Creek Holding Limited and Taurus Fund L.P.

### (B) Interest in associated corporations of the Company

Name of Director/ Chief Executive	Capacity/Nature of interest	Name of associated corporation	Approximate percentage of interest
Mr. ZHANG Xiaolong <sup>(1)</sup>	Beneficial interest; interest in controlled corporation	Fenbi Bluesky	97.45%
Mr. WEI Liang	Beneficial interest	Fenbi Bluesky	2.25%
Mr. LI Yong	Beneficial interest	Fenbi Bluesky	0.10%
Mr. LI Xin	Beneficial interest	Fenbi Bluesky	0.10%

*Note:*

- (1) Mr. Zhang is the general partner of Beijing Fenbi Box Enterprise Management LLP (北京粉筆盒子企業管理合夥企業(有限合夥)) and thus deemed to be interested in the entire interests held by it in Fenbi Bluesky, namely 5% of the equity interests in Fenbi Bluesky.

Save as disclosed above and to the best knowledge of the Directors, as of June 30, 2024, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which would be required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or which would be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of June 30, 2024, to the best of knowledge of the Directors, the following persons, other than Directors or chief executive of the Company, had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of Shares held	Approximate percentage of interest <sup>(1)</sup>
Chalk Sky Ltd <sup>(2)</sup>	Beneficial interest	257,200,000 (L)	11.22%
		35,000,000 (S)	1.53%
Sonata (BVI) Limited <sup>(2)</sup>	Interest in controlled corporation	257,200,000 (L)	11.22%
		35,000,000 (S)	1.53%
Liang Ma Limited <sup>(3)</sup>	Beneficial interest	259,736,000 (L)	11.33%
Ocorian Trust Company <sup>(4)</sup>	Trustee	342,365,000 (L)	14.93%
		50,000,000 (S)	2.18%
Tencent Holdings Limited <sup>(5)</sup>	Interest in controlled corporation	293,526,000 (L)	12.80%
Tencent Mobility Limited <sup>(5)</sup>	Beneficial interest	178,736,000 (L)	7.80%
Mr. Ho Chi Sing <sup>(6)</sup>	Interest in controlled corporation	178,084,120 (L)	7.77%
Mr. Zhou Quan <sup>(7)</sup>	Interest in controlled corporation	178,694,130 (L)	7.79%
IDG-Accel China Growth Fund GP III Associates Ltd. <sup>(6)(7)</sup>	Interest in controlled corporation	132,842,500 (L)	5.79%
ARK Trust (Hong Kong) Limited <sup>(8)</sup>	Trustee	124,221,250 (L)	5.42%

Notes:

The letter "L" denotes the person's long position in the Shares and the letter "S" denotes the person's short position in the Shares.

- (1) The calculation is based on the total number of 2,292,628,580 Shares in issue as of June 30, 2024, without taking into account any Shares that may be issued under the Pre-IPO Share Option Scheme, 2023 Restricted Share Unit Scheme and 2023 Share Option Scheme.
- (2) See note (3) under the section headed "Other Information — Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in this interim report for more information.
- (3) See note (5) under the section headed "Other Information — Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in this interim report for more information.
- (4) See notes (3) and (4) under the section headed "Other Information — Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in this interim report for more information.
- (5) Tencent Holdings Limited is deemed to be interest in (i) 178,736,000 Shares directly held by Tencent Mobility Limited, (ii) 84,724,000 Shares directly held by Morespark Limited, (iii) 13,042,000 Shares directly held by TPP Opportunity I Holding C Limited, (iv) 8,694,000 Shares directly held by Triple Max Holding Limited, and (v) 8,330,000 Shares directly held by TPP Fund II Holding C Limited. Each of Tencent Mobility Limited, Morespark Limited, TPP Opportunity I Holding C Limited, Triple Max Holding Limited and TPP Fund II Holding C Limited is ultimately controlled by Tencent Holdings Limited, a company listed on the Stock Exchange (stock code: 700).





## Other Information

- (6) Mr. Chi Sing Ho is deemed to be interest in (i) 107,591,977 Shares directly held by IDG-Accel China Growth Fund III L.P., (ii) 40,485,630 Shares directly held by Modish Century Limited, (iii) 17,003,990 Shares directly held by Even Classic Limited, (iv) 7,636,523 Shares directly held by IDG-Accel China III Investors L.P., and (v) 5,366,000 Shares directly held by Spring Moment Limited. IDG-Accel China Growth Fund III L.P. is wholly owned by IDG-Accel China Growth Fund III Associates L.P. Each of IDG-Accel China Growth Fund III L.P. and IDG-Accel China III Investors L.P. is wholly owned by IDG-Accel China Growth Fund GP III Associates Ltd., which is ultimately controlled by Mr. Chi Sing Ho and Mr. Quan Zhou. Each of Modish Century Limited and Spring Moment Limited is wholly owned by IDG Breyer Capital Fund L.P., which is ultimately controlled by Mr. Chi Sing Ho, Mr. Quan Zhou and Yang Fei. Even Classic Limited is ultimately controlled by Mr. Chi Sing Ho.
- (7) Mr. Zhou Quan is deemed to be interest in (i) 124,039,930 Shares directly held by IDG-Accel China Growth Fund III L.P., (ii) 40,485,630 Shares directly held by Modish Century Limited, (iii) 8,802,570 Shares directly held by IDG-Accel China III Investors L.P., and (iv) 5,366,000 Shares directly held by Spring Moment Limited. See note (6) above for more information.
- (8) ARK Trust (Hong Kong) Limited, the trustee corporation appointed by the Company for the administration of the 2023 Restricted Share Unit Scheme.

Save as disclosed above and to the best knowledge of the Directors, as of June 30, 2024, the Directors and the chief executive of the Company are not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be required to be recorded in the register to be kept by the Company pursuant to Section 336 of the SFO.

## SHARE INCENTIVE SCHEMES

### Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was adopted by the Company on December 31, 2020. The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules. Summary of major terms of the Pre-IPO Share Option Scheme is as follows:

#### (i) Purposes

The purpose of the Pre-IPO Share Option Scheme is to provide a means through which the Group may attract able persons to enter and remain in the employ of the Group and to provide a means whereby employees, directors and consultants of the Group can acquire and maintain share ownership, thereby strengthening their commitment to the welfare of the Group and promoting an identity of interest between shareholders and these employees, directors and consultants.

#### (ii) Eligible Participants

Persons eligible to participate in the Pre-IPO Share Option Scheme include (i) individual regularly employed by the Company, any parent, subsidiary or affiliate of the Company; (ii) director of the Company, any parent, subsidiary or affiliate of the Company, (iii) consultant or advisor to the Company, any parent, subsidiary or affiliate of the Company, or (iv) exclusive teachers engaged by the Company, any parent, subsidiary or affiliate of the Company (the "**Participants**"). Subject to the provisions of the Pre-IPO Share Option Scheme, the Participants shall be determined by the Board or any person or committee designated by the Board (the "**Administrator**").



### **(iii) Maximum number of Shares**

The maximum aggregate number of shares which may be issued for all the options pursuant to the Pre-IPO Share Option Scheme is 218,792,500 Shares.

After the Listing, no new options shall be granted, except that the outstanding options granted shall in all other respects remain in full force and effect.

### **(iv) Duration**

The Pre-IPO Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the date of adoption (i.e., December 31, 2020); provided, however, that the administration of the Pre-IPO Share Option Scheme shall continue in effect until all matters relating to the options previously granted have been settled.

### **(v) Exercise of Options**

No shares shall be issued pursuant to any exercise of an option until payment in full of the aggregate exercise price therefor is received by the Company. The options which have become exercisable may be exercised in whole or in part at any time when approved by the Administrator, accompanied by payment of the exercise price. The exercise price shall be payable in cash (including by certified check or wire transfer) or as determined by the Administrator, in its/his sole discretion, (i) by means of any cashless exercise procedure approved by the Administrator, (ii) any other form of consideration approved by the Administrator and permitted by applicable law or (iii) any combination of the foregoing.

Without limiting the foregoing, the Options may not be exercised until all registrations, consents, approvals, filings or waivers required under applicable laws, including the laws and regulations of the PRC, are duly obtained.

### **(vi) Vesting**

The options granted to each Participant shall vest and become exercisable such time or times and subject to such terms and conditions as shall be determined by the Administrator and reflected in the share option agreement; provided, however, that notwithstanding the vesting schedule in each share option agreement, the Administrator may in its sole discretion accelerate the exercisability of any option to the extent in compliance with the shareholders agreement of the Company (as amended and restated), which acceleration shall not affect the terms and conditions of any such option other than with respect to exercisability.

For more information on the Pre-IPO Share Option Scheme, please refer to “Statutory and General Information – D. Pre-IPO Share Option Scheme” in Appendix IV to the Prospectus.

The Company had not granted further share options under the Pre-IPO Share Option Scheme after the Listing. During the six months ended June 30, 2024, options representing 25,948,890 Shares were exercised and options representing 115,000 Shares were forfeited under the Pre-IPO Share Option Scheme. As of June 30, 2024, Options representing 49,262,870 underlying Shares were outstanding under the Pre-IPO Share Option Scheme, representing approximately 2.15% of the total number of Shares in issue as of June 30, 2024.

## Other Information

Details of movements in the number of the outstanding options granted under the Pre-IPO Share Option Scheme are set out below.

Category/ Name of grantee	Date of grant	Exercise price	Outstanding as of January 1, 2024	Exercised during the Reporting Period	Forfeited during the Reporting Period	Outstanding as of June 30, 2024	Vesting period	Weighted average closing price of the Shares immediately before the dates on which the options were exercised
Grantees in aggregate	April 7, 2016 to October 25, 2022	US\$0.00001 per Share	75,326,760	25,948,890	115,000	49,262,870	0 to 4 years	HK\$4.45

Notes:

- (1) The exercise period of the options under the Pre-IPO Share Option Scheme commences from the vesting commencement date of the relevant options and ends tenth anniversary of the grant date, subject to the terms of the Pre-IPO Share Option Scheme and the share option agreement signed by the grantee. No consideration was paid by the grantees for the outstanding options granted under the Pre-IPO Share Option Scheme.
- (2) None of the grantees is a Director, a chief executive, or a substantial shareholder of the Company, or an associate of any of them.

### 2023 Restricted Share Unit Scheme

The 2023 Restricted Share Unit Scheme was adopted by the Company on June 14, 2023. The terms of the 2023 Restricted Share Unit Scheme are subject to the provisions of Chapter 17 of the Listing Rules. Summary of major terms of the 2023 Restricted Share Unit Scheme is as follows:

#### (i) Purposes

The purpose of the 2023 Restricted Share Unit Scheme are to: (i) recognise the contributions by certain selected participants with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals for the continual operation and development of the Group; (iii) provide additional incentives for them to achieve performance goals; (iv) attract suitable personnel for further development of the Group; and (v) motivate the selected participants to maximize the value of the Company for the benefits of both the selected participants and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the selected participants directly to the shareholders of the Company through ownership of Shares.

### **(ii) Eligible Participants**

Persons eligible to participate in the 2023 Restricted Share Unit Scheme include an individual or a corporate entity (as the case may be), being any of an Employee Participant, a Related Entity Participant or a service provider of the Group, who has contributed or will contribute to the Group. The Board may, from time to time, at its absolute discretion select any eligible participants to be a selected participant and grant to such selected participant restricted shares by way of share transfer, share allotment or cash settlement of an amount of equivalent value (for the purpose of fulfillment of tax obligation of the relevant selected participant) as the Board deems fit.

### **(iii) Maximum number of Shares**

The maximum aggregate number of shares which may be granted pursuant to the 2023 Restricted Share Unit Scheme and other share schemes of the Company (excluding the Pre-IPO Share Option Scheme) shall not in aggregate exceed 225,365,773 Shares, representing 10% of the total number of issued Shares as of the adoption date of 2023 Restricted Share Unit Scheme by Shareholders' approval and representing approximately 9.83% of the total issued Shares of the Company as at the date of this interim report.

### **(iv) Maximum Entitlement of Shares of Each Eligible Participant**

For any 12-month period up to and including the restricted share grant date, the aggregate number of Shares issued and to be issued in respect of share awards granted under the 2023 Restricted Share Unit Scheme and all grants made under any other share scheme(s) of the Company (excluding the Pre-IPO Share Option Scheme and any options and/or any awards lapsed in accordance with the share schemes of the Company) to any selected participant shall not exceed 1% of the total number of the Shares in issue.

### **(v) Duration and Remaining Life**

The 2023 Restricted Share Unit Scheme shall be valid and effective for a period of ten (10) years commencing on the date of adoption (i.e., June 14, 2023) of such scheme, after which period no further awards will be granted.

### **(vi) Subscription of Restricted Shares**

After the Board has determined the number of grant shares and the selected participants, it will notify the trustee and the selected participants in grant letters. The selected participants shall confirm their acceptance of the awards within 28 days after the grant date and fail to return the notice of acceptance upon the expiration of the acceptance period, the awards will automatically lapse. The Board may at any time at its discretion, in respect of each selected participant, cause to be paid the Reference Amount (as defined below) from the Company's resources or any subsidiary's resources into the account for the relevant selected participant for the purchase of the restricted shares. In the event that the restricted shares are to be allotted and issued as shares to the trustee under the scheme mandate limit for the purpose of the trust, the Board may cause the subscription price for such new shares to be allotted and issued be transferred from the Company's or any subsidiary's resources internally.

The "Reference Amount" is the sum of (i) the estimated awarded amount, being the closing price of the Shares as quoted on the Stock Exchange as at the restricted share grant date, or as at any other date before the trustee purchases shares on the secondary market as instructed by the Board, multiplied by the number of the shares comprised in the award; and (ii) the related purchase expenses (including for the time being, the brokerage fee, stamp duty, Securities and Futures Commission transaction levy, Accounting and Financial Reporting Council transaction levy and the Stock Exchange trading fee) and such other necessary expenses required for the completion of the purchase of all the awarded shares.

### **(vii) Vesting Period**

The vesting period of the restricted shares granted shall not be less than 12 months, subject to a shorter vesting period at the discretion of the Remuneration Committee and the Board under certain specified circumstances in relation to awarded shares to the Employee Participants.

There is no specific performance targets that must be met before awards can be vested. However, the Board has the discretion to specify any conditions (including performance targets (if any)) which must be satisfied before the vesting of awards where appropriate.

For more information on the 2023 Restricted Share Unit Scheme, please refer to the circular of the Company dated May 22, 2023.

## Other Information

Details of restricted shares granted under the 2023 Restricted Share Unit Scheme during the Reporting Period are set out below:

Category/Name of grantee	Number of restricted shares granted	Date of Grant	Vesting period	Purchase price	Performance target	Fair value of restricted shares granted	Closing price of the Shares immediately before the grant date
<b>Mr. WEI Liang (executive Director and president)</b>	7,000,000	June 13, 2024	7,000,000 restricted shares shall vest in four tranches of 25% each on June 13, 2024, June 13, 2025, June 13, 2026 and June 13, 2027, respectively.	Nil	No performance target is required.	HK\$30.0 million <sup>(1)</sup>	HK\$4.30
<b>Other employees in aggregate<sup>(3)</sup></b>	15,668,000	January 2, 2024	(1) 12,660,500 restricted shares shall vest in four tranches of 25% each on January 2, 2024, January 2, 2025, January 2, 2026 and January 2, 2027, respectively; and  (2) 3,007,500 restricted shares shall vest in four tranches of 25% each on January 2, 2025, January 2, 2026, January 2, 2027 and January 2, 2028, respectively.	Nil	No performance target is required.	HK\$70.8 million <sup>(2)</sup>	HK\$4.59
	8,932,000	April 3, 2024	(1) 3,335,500 restricted shares shall vest in four tranches of 25% each on April 3, 2024, April 3, 2025, April 3, 2026 and April 3, 2027, respectively; and  (2) 5,596,500 restricted shares shall vest in four tranches of 25% each on April 3, 2025, April 3, 2026, April 3, 2027 and April 3, 2028, respectively.	Nil	No performance target is required.	HK\$41.7 million <sup>(2)</sup>	HK\$4.61

Notes:

- (1) The fair value of the restricted share units is calculated based on the closing price of the Shares on the proposed grant date, being HK\$4.29 per Share on June 13, 2024. For details of the accounting standard and policy adopted, please refer to Note 20(b) to the interim financial information.
- (2) The fair value of the restricted share units is calculated based on the closing price of the Shares on the respective grant dates, being HK\$4.52 per Share on January 2, 2024 and HK\$4.67 per Share on April 3, 2024. For details of the accounting standard and policy adopted, please refer to Note 20(b) to the interim financial information.
- (3) None of the grantees is a Director, a chief executive, or a substantial shareholder of the Company, or an associate of any of them.

## Other Information

Movements of the unvested restricted shares granted under the 2023 Restricted Share Unit Scheme during the Reporting Period are set out below:

Category/ Name of grantee	Date of Grant	Purchase price	Vesting period	Number of unvested Awards as of January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapse during the Reporting Period	Number of unvested Awards as of June 30, 2024
<b>Mr. WEI Liang (executive Director and president)</b>	June 13, 2024	Nil	7,000,000 restricted shares shall vest in four tranches of 25% each on June 13, 2024, June 13, 2025, June 13, 2026 and June 13, 2027, respectively.	—	7,000,000	1,750,000	—	5,250,000
<b>Other employees in aggregate</b>	September 4, 2023	Nil	193,500, 193,500 and 193,500 restricted shares shall vest on September 4, 2024, September 4, 2025 and September 4, 2026, respectively.	553,125	—	—	4,125	549,000
	September 4, 2023	Nil	120,000 restricted shares shall vest in four tranches of 25% each on September 4, 2024, September 4, 2025, September 4, 2026 and September 4, 2027, respectively.	120,000	—	—	—	120,000
	January 2, 2024	Nil	12,660,500 restricted shares shall vest in four tranches of 25% each on January 2, 2024, January 2, 2025, January 2, 2026 and January 2, 2027, respectively.	—	12,660,500	3,165,125	—	9,495,375
	January 2, 2024	Nil	3,007,500 restricted shares shall vest in four tranches of 25% each on January 2, 2025, January 2, 2026 and January 2, 2027 and January 2, 2028, respectively.	—	3,007,500	—	378,500	2,629,000
	April 3, 2024	Nil	3,335,500 restricted shares shall vest in four tranches of 25% each on April 3, 2024, April 3, 2025, April 3, 2026 and April 3, 2027, respectively.	—	3,335,500	833,875	22,500	2,479,125
	April 3, 2024	Nil	5,596,500 restricted shares shall vest in four tranches of 25% each on April 3, 2025, April 3, 2026 and April 3, 2027 and April 3, 2028, respectively.	—	5,596,500	—	79,500	5,517,000
<b>Subtotal</b>				673,125	24,600,000	3,999,000	484,625	20,789,500
<b>Total</b>				673,125	31,600,000	5,749,000	484,625	26,039,500

The weighted average closing price of the Shares immediately before the dates on which the awarded Shares were vested during the Reporting Period was HK\$4.50 per share.

During the Reporting Period, there were no awards granted to Related Entity Participant or service provider, and there were no awards cancelled under the 2023 Restricted Share Unit Scheme.



## Other Information

### 2023 Share Option Scheme

The 2023 Share Option Scheme was adopted by the Company on June 14, 2023, as amended from time to time. The terms of the 2023 Share Option Scheme are subject to the provisions of Chapter 17 of the Listing Rules. Summary of major terms of the 2023 Share Option Scheme is as follows:

**(i) Purposes**

The purpose of the 2023 Share Option Scheme is to recognise the contribution or future contribution of the eligible participants to the Group by granting options to them as incentives or rewards and to attract, retain and motivate high-calibre eligible participants in line with the performance goals of the Group. The 2023 Share Option Scheme shall strengthen the long-term relationships that the eligible participants may have with the Group.

**(ii) Eligible Participants**

Persons eligible to participate in the 2023 Share Option Scheme include any Employee Participant, Related Entity Participant or service provider of the Group as selected by the Board in its absolute discretion from time to time, taking into account, among others, the experience of the eligible participant on the Group's businesses, the length of service of the eligible participant with the Group (if the eligible participant is an Employee Participant or a Related Entity Participant of any member of the Group), the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the eligible participant has established with the Group (if the eligible participant is a service provider of any member of the Group).

**(iii) Maximum number of Shares**

The maximum aggregate number of Shares which may be issued upon the exercise of all options to be granted under the 2023 Share Option Scheme and all options and awards to be granted under any other share scheme(s) of the Company (excluding the Pre-IPO Share Option Scheme) shall not in aggregate exceed 225,365,773 Shares, representing 10% of the total number of issued Shares as of the adoption date of 2023 Share Option Scheme by Shareholders' approval and representing approximately 9.83% of the total issued Shares of the Company as at the date of this interim report.

**(iv) Maximum Entitlement of Shares of Each Eligible Participant**

For any 12-month period up to and including the option grant date, the aggregate number of Shares issued and to be issued upon exercise of options granted under the 2023 Share Option Scheme and options and/or awards granted under any other share scheme(s) of the Company (including exercised, cancelled and outstanding options but excluding options/awards issued pursuant to the Pre-IPO Share Option Scheme) to any selected participant shall not exceed 1% of the total number of the Shares in issue.

**(v) Duration and Remaining Life**

The 2023 Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the date of adoption (i.e., June 14, 2023) of such scheme, after which period no further options will be granted but the provisions of the 2023 Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior to the expiration of the 10-year period or otherwise as may be required in accordance with the rules of 2023 Share Option Scheme.

**(vi) Grant of Options**

The Board may at any time and from time to time during the period that the 2023 Share Option Scheme is effective at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit offer, at the consideration of HK\$1 per option, to grant options to the eligible participants to subscribe at the option price for such numbers of Shares as they may determine.

### **(vii) Option Price**

The option price shall be determined on the grant date of the options at the absolute discretion of the Directors as an amount per Share which shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the grant date of the options, which must be a trading day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the grant date of the options; and (iii) the nominal value of the Shares on the grant date of the options.

### **(viii) Vesting**

The vesting period of the options granted shall not be less than 12 months, subject to a shorter vesting period at the discretion of the Board or a committee or any other authorized agent(s) as deemed appropriate at the sole discretion of the Board under certain specified circumstances in relation to options granted to the Employee Participants.

There is no specific performance targets that must be met before options can be exercised. However, the Board has the discretion to specify any conditions (including performance targets (if any)) which must be satisfied before the options are capable of being exercised by the option holder where appropriate.

For more information on the 2023 Share Option Scheme, please refer to the circular of the Company dated May 22, 2023.

From the adoption date of the 2023 Share Option Scheme and up to June 30, 2024, there were no options granted, exercised, cancelled or lapsed under the 2023 Share Option Scheme.

Pursuant to the scheme mandate limit and the service provider sublimit adopted by the Shareholders of Company on June 14, 2023, (i) the Shares which may be issued in respect of all options and awards to be granted under the 2023 Restricted Share Unit Scheme, the 2023 Share Option Scheme and any other share schemes of the Company (if any) (excluding the Pre-IPO Share Option Scheme) shall not exceed 225,365,773 Shares, representing 10% of the number of Shares in issue as of June 14, 2023 (the "**Scheme Mandate Limit**"), being the date of the Shareholders' approval of such limit, and (ii) the Shares which may be issued in respect of all options and awards to be granted to service providers under the 2023 Restricted Share Unit Scheme, the 2023 Share Option Scheme and any other share schemes of the Company (if any) (excluding the Pre-IPO Share Option Scheme) shall not exceed 22,536,577 Shares, representing 1% of the number of Shares in issue as of June 14, 2023 (the "**Service Provider Sublimit**"), being the date of the Shareholders' approval of such limit.

The maximum number of Shares underlying all options and awards available for grant under the Scheme Mandate Limit was 225,365,773 Shares as of June 30, 2024 and the maximum number of Shares underlying all options and awards available for grant under the Service Provider Sublimit was 22,536,577 Shares as of June 30, 2024.

The shares underlying the grant of restricted share units were purchased from the market by the trustee, and the number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the Reporting Period is nil. Accordingly, the value of the number of shares that may be issued in respect of options and awards granted under all share schemes of the Company during the Reporting Period divided by the weighted average number of Shares in issue for the six months ended June 30, 2024 is nil.



## Other Information

### Use of Proceeds from the Global Offering

The Shares were successfully listed on the Main Board of the Stock Exchange on January 9, 2023, whereby 20,000,000 new Shares were issued at the offer price of HK\$9.90 each by the Company. The net proceeds from the Global Offering received by the Company, after deduction of the underwriting fees and other related expenses payable by the Company, was approximately HK\$113.2 million (the “**Net Proceeds**”).

There has been no change in the intended use of Net Proceeds as previously disclosed in the Prospectus. The Group will utilize the Net Proceeds in accordance with the intended purposes as stated in the Prospectus. Please refer to “Future Plans and Use of Proceeds” in the Prospectus for details. The Net Proceeds are expected to be fully utilized by December 2026, which may be subject to changes based on business development of the Group and future development of market conditions.

The following table sets forth the details of the Net Proceeds originally raised, utilized and unutilized Net Proceeds as of the dates indicated:

	Net Proceeds from the Global Offering as of the Listing Date	Unutilized Net Proceeds as of January 1, 2024	Utilized Net Proceeds during the Reporting Period	Unutilized Net Proceeds as of June 30, 2024
	Amount HK\$ in million	Amount HK\$ in million	Amount HK\$ in million	Amount HK\$ in million
Enriching our course offerings and expanding our student base	58.9	55.9	4.1	51.8
Enhancing our content and technological development capabilities (group-wide for both online and classroom-based services)	32.2	15.3	15.3	—
Conducting marketing campaigns primarily for our newly developed courses (group-wide for both online and classroom-based services)	13.6	13.6	—	13.6
Working capital and other general corporate purposes (group-wide for both online and classroom-based services)	8.5	4.2	—	4.2
<b>Total</b>	<b>113.2</b>	<b>89.0</b>	<b>19.4</b>	<b>69.6</b>

### Employees

As of June 30, 2024, the Group had 7,564 full-time employees, as compared to 7,325 full-time employees as of December 31, 2023. For the six months ended June 30, 2024, the Group incurred total staff costs (including Directors’ emoluments) of RMB678.4 million, which primarily consisted of wages, salaries, bonuses, pension and other social security costs, and other employee welfare including share-based payments.

Substantially all of the Group’s employees are based in China. As required under PRC labor laws, the Group enters into individual employment contracts with its employees covering matters such as wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. In compliance with PRC regulations, the Group participates in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury and unemployment benefit plans.

To incentivize its employees and promote the long-term growth of the Company, the Company has also adopted the Pre-IPO Share Option Scheme, the 2023 Restricted Share Unit Scheme and the 2023 Share Option Scheme to provide equity incentive to the Group's employees, directors and senior management.

The Group provides robust training programs for its employees, which we believe are effective in equipping them with the skill set and work ethics. The Group recognizes the importance of keeping the Directors updated with the latest information of duties and obligations of a director of a company whose shares are listed on the Stock Exchange and the general regulatory and environmental requirements for such listed company. To meet this goal, the Group is committed to the continuing education and development of the Directors and employees of the Group.

### Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended June 30, 2024, the Company repurchased a total of 35,871,000 Shares at an aggregate consideration of approximately HK\$154.1 million on the Stock Exchange in order to reflect the Company's confidence in its long-term business prospects and to enhance the value of the Shares thereby improving the return to Shareholders. The details of the repurchase of such Shares are set out as follows:

Month of repurchase	Number of Shares repurchased	Maximum price paid per Share (HK\$)	Minimum price paid per Share (HK\$)	Total consideration (HK\$'000)
May 2024	3,634,500	4.28	4.13	15,372
June 2024	32,236,500	4.51	4.11	138,743
<b>Total</b>	<b>35,871,000</b>			<b>154,115</b>

35,871,000 Shares repurchased during the six months ended June 30, 2024 were cancelled as of the date of this interim report and the issued share capital of the Company was reduced by the nominal value thereof, and no Shares repurchased were held as treasury shares (as defined in the Listing Rules) as of June 30, 2024. As of June 30, 2024, the Company did not hold any treasury shares.

Pursuant to the rules of the 2023 Restricted Share Unit Scheme adopted by the Company on June 14, 2023, the trustee of the 2023 Restricted Share Unit Scheme purchased on the Stock Exchange a total of 54,565,500 Shares at a total consideration of approximately HK\$236.5 million during the Reporting Period.

Save as disclosed above and other than the issuance of Shares for the purpose of the Pre-IPO Share Option Scheme, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares) during the Reporting Period.

### Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this interim report, the Company has maintained the public float as required under the Listing Rules.



## Other Information

### Corporate Governance Practices

The Group is committed to maintaining high standards of corporate governance practices. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders and corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

### Compliance with Corporate Governance Code

The Company has adopted the principles and code provisions set out in the CG Code under Part 2 of Appendix C1 of the Listing Rules as its own code of corporate governance.

During the reporting period, the Company has complied with all the applicable code provisions under the CG Code with the exception of code provision C.2.1, which requires the roles of chairman and chief executive to be held by different individuals.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. The roles of the Chairman and Chief Executive Officer of the Company are held by Mr. ZHANG Xiaolong. With extensive experience in the non-formal VET industry, Mr. Zhang is responsible for the overall strategic planning and business development and operation, as well as overall technological and curriculum development of the Group and is instrumental to the growth and business expansion of the Group. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group and ensures consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The balance of power and authority is not impaired and is ensured by the operation of the senior management and the Board, which comprises experienced individuals. In light of the above, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in the circumstances of the Company.

### Compliance with the Model Code

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors.

Having made specific enquiries of all Directors, each of the Directors has confirmed that he or she has complied with the requirements as set out in the Model Code during the reporting period.

### Interim Dividend

The Board has resolved not to recommend payment of any interim dividend for the six months ended June 30, 2024 (six months ended June 30, 2023: nil).

### Changes in Information of Directors and Chief Executive of the Company

During the Reporting Period and up to the date of this interim report, there has been no changes in the information of the Directors and chief executive of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### Continuing Disclosure Obligations Pursuant to the Listing Rules

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.



### Audit Committee and Review of Interim Financial Results

As of the date of this interim report, the Audit Committee comprises three independent non-executive Directors, namely Mr. YUEN Kai Yiu Kelvin, Mr. QIU Dongxiao Larry and Ms. YUAN Jia, with Mr. YUEN Kai Yiu Kelvin being the chairman of the Audit Committee.

The Audit Committee has reviewed the interim financial results of the Group for the six months ended June 30, 2024. The Audit Committee has also reviewed together with the management the accounting principles and policies adopted by the Company and discussed matters in relation to, among others, risk management, internal control and financial reporting of the Group. The Audit Committee considers that the interim financial results of the Group for the six months ended June 30, 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

PricewaterhouseCoopers, the independent auditor of the Company, has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended June 30, 2024 in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.”

### Events after the Reporting Period

Save for the subsequent events disclosed in Note 29 to the interim financial information set forth in this interim report, there has been no other significant event since June 30, 2024 and up to the date of this interim report that is required to be disclosed by the Company.

### Forward-Looking Statements

This interim report contains certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company’s control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.



# Report on Review of Interim Financial Information



羅兵咸永道

## To the Board of Directors of Fenbi Ltd.

(incorporated in the Cayman Islands with limited liability)

### INTRODUCTION

We have reviewed the interim financial information set out on pages 29 to 61, which comprises the interim condensed consolidated balance sheet of Fenbi Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2024 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

## PricewaterhouseCoopers

*Certified Public Accountants*

Hong Kong, 23 August 2024



PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong  
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# Interim Condensed Consolidated Statement of Profit or Loss

(Expressed in Renminbi Yuan unless otherwise indicated)

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	5	1,630,470	1,682,333
Cost of revenue	5, 7	(747,267)	(826,653)
<b>Gross profit</b>		<b>883,203</b>	855,680
Administrative expenses	7	(197,481)	(319,847)
Selling and marketing expenses	7	(320,311)	(304,255)
Research and development expenses	7	(108,222)	(143,092)
Net impairment losses on financial assets		(1,834)	(1,008)
Other income		13,578	9,300
Other gains/(losses), net	6	1,385	(26,452)
<b>Operating profit</b>		<b>270,318</b>	70,326
Fair value losses of financial liabilities at fair value through profit or loss		—	(4,853)
Finance income		20,125	15,176
Finance costs		(3,153)	(4,948)
Finance income, net	8	16,972	10,228
<b>Profit before income tax</b>		<b>287,290</b>	75,701
Income tax (expense)/credit	9	(9,551)	5,775
<b>Profit for the period</b>		<b>277,739</b>	81,476
<b>Profit attributable to:</b>			
— Owners of the Company		277,739	81,476
<b>Earnings per share for profit attributable to owners of the Company (RMB)</b>			
Basic earnings per share	10	0.13	0.04
Diluted earnings per share	10	0.13	0.04

The above interim condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.





# Interim Condensed Consolidated Statement of Comprehensive Income

(Expressed in Renminbi Yuan unless otherwise indicated)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<b>277,739</b>	81,476
<b>Other comprehensive income</b>		
Items that may be reclassified to profit or loss		
– Currency translation differences of the Company's subsidiaries	<b>(3,146)</b>	(5,383)
Items that will not be reclassified to profit or loss		
– Currency translation differences of the Company	<b>11,717</b>	71,192
<b>Other comprehensive income for the period, net of tax</b>	<b>8,571</b>	65,809
<b>Total comprehensive income for the period</b>	<b>286,310</b>	147,285
<b>Total comprehensive income for the period attributable to:</b>		
– Owners of the Company	<b>286,310</b>	147,285

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.



# Interim Condensed Consolidated Balance Sheet

(Expressed in Renminbi Yuan unless otherwise indicated)

		<b>30 June 2024</b>	31 December 2023
	Notes	<b>RMB'000 (Unaudited)</b>	RMB'000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>85,212</b>	124,051
Right-of-use assets	13	<b>111,818</b>	116,190
Intangible assets	12	<b>341</b>	367
Prepayments and other receivables	15	<b>11,013</b>	11,932
Deferred tax assets	24	<b>40,956</b>	39,916
Term deposits with initial term of over three months		<b>200,066</b>	—
<b>Total non-current assets</b>		<b>449,406</b>	292,456
<b>Current assets</b>			
Inventories	16	<b>59,897</b>	60,987
Trade receivables	14	<b>47,485</b>	31,075
Contract assets	5	<b>57,299</b>	38,940
Prepayments and other receivables	15	<b>124,893</b>	66,990
Financial assets at fair value through profit or loss	17	<b>307,815</b>	195,246
Other financial assets at amortised cost	18	<b>72,009</b>	76,558
Cash and cash equivalents		<b>689,444</b>	671,530
Restricted cash		—	5,666
Term deposits with initial term of over three months		<b>212,669</b>	683,060
<b>Total current assets</b>		<b>1,571,511</b>	1,830,052
<b>Total assets</b>		<b>2,020,917</b>	2,122,508
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	19	<b>152</b>	150
Share premium	19	<b>15,218,307</b>	15,104,233
Other reserves	21	<b>(9,901,309)</b>	(9,511,560)
Accumulated losses		<b>(4,047,340)</b>	(4,325,079)
<b>Total equity</b>		<b>1,269,810</b>	1,267,744





# Interim Condensed Consolidated Balance Sheet (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	13	68,175	71,683
Deferred tax liabilities	24	11	47
Deferred income		895	1,539
<b>Total non-current liabilities</b>		<b>69,081</b>	73,269
<b>Current liabilities</b>			
Trade and other payables	22	204,832	333,501
Contract liabilities	5	212,177	149,487
Refund liabilities	23	188,823	227,067
Current income tax liabilities		25,759	24,698
Lease liabilities	13	50,435	46,578
Financial liabilities at fair value through profit or loss		—	164
<b>Total current liabilities</b>		<b>682,026</b>	781,495
<b>Total liabilities</b>		<b>751,107</b>	854,764
<b>Total equity and liabilities</b>		<b>2,020,917</b>	2,122,508

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.





# Interim Condensed Consolidated Statement of Changes in Equity

(Expressed in Renminbi Yuan unless otherwise indicated)

Notes	Attributable to equity holders of the Company				
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
<b>Balance at 1 January 2024</b>	<b>150</b>	<b>15,104,233</b>	<b>(9,511,560)</b>	<b>(4,325,079)</b>	<b>1,267,744</b>
Profit for the period	—	—	—	277,739	277,739
Other comprehensive income	—	—	8,571	—	8,571
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>—</b>	<b>8,571</b>	<b>277,739</b>	<b>286,310</b>
<b>Transactions with owners in their capacity as owners:</b>					
Employee share schemes					
— value of employee services	20	—	71,358	—	71,358
Employee share schemes					
— exercise of employee services	19	114,074	(114,076)	—	—
Purchase of treasury shares	21(b)	—	(355,602)	—	(355,602)
<b>Total transactions with owners in their capacity as owners</b>	<b>2</b>	<b>114,074</b>	<b>(398,320)</b>	<b>—</b>	<b>(284,244)</b>
<b>Balance at 30 June 2024 (Unaudited)</b>	<b>152</b>	<b>15,218,307</b>	<b>(9,901,309)</b>	<b>(4,047,340)</b>	<b>1,269,810</b>
<b>Balance at 1 January 2023</b>	<b>47</b>	<b>2,648,395</b>	<b>(9,002,744)</b>	<b>(4,508,623)</b>	<b>(10,862,925)</b>
Profit for the period	—	—	—	81,476	81,476
Other comprehensive income	—	—	65,809	—	65,809
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>—</b>	<b>65,809</b>	<b>81,476</b>	<b>147,285</b>
<b>Transactions with owners in their capacity as owners:</b>					
Issuance of ordinary shares relating to initial public offering, net of underwriting commissions and other issuance costs	19	160,103	—	—	160,104
Profit appropriation to statutory surplus reserves		—	84	(84)	—
Employee share schemes					
— value of employee services	20	—	201,711	—	201,711
Employee share schemes					
— exercise of share options	19	463,423	(463,431)	—	—
Purchase of treasury shares	21	—	(53,502)	—	(53,502)
Conversion of preferred shares to ordinary shares	19	92	11,673,545	—	11,673,637
<b>Total transactions with owners in their capacity as owners</b>	<b>101</b>	<b>12,297,071</b>	<b>(315,138)</b>	<b>(84)</b>	<b>11,981,950</b>
<b>Balance at 30 June 2023 (Unaudited)</b>	<b>148</b>	<b>14,945,466</b>	<b>(9,252,073)</b>	<b>(4,427,231)</b>	<b>1,266,310</b>

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Cash Flows

(Expressed in Renminbi Yuan unless otherwise indicated)

	Notes	Six months ended 30 June	
		2024	2023
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operations		219,627	370,374
Interest paid		(2,564)	(3,270)
Interest received		27,191	15,176
Income tax paid		(9,564)	(7,033)
<b>Net cash generated from operating activities</b>		<b>234,690</b>	<b>375,247</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(6,078)	(9,755)
Purchase of financial assets at fair value through profit or loss	4	(187,513)	(693,475)
Redemption of financial assets at fair value through profit or loss	4	80,995	693,450
Purchase of other financial assets at amortised cost		(181,862)	(245,677)
Redemption of other financial assets at amortised cost		189,197	187,871
Purchase of term deposits with initial term of over three months		(536,744)	(165,990)
Redemption of term deposits with initial term of over three months		802,306	—
Proceeds from sale of property, plant and equipment		374	8,648
Net cash outflow for the settlement of derivatives		(2,450)	(3,401)
Net cash outflow related to disposal of a subsidiary		(2,502)	—
Proceeds from disposal of a subsidiary	15	1,500	—
<b>Net cash generated from/(used in) investing activities</b>		<b>157,223</b>	<b>(228,329)</b>
<b>Cash flows from financing activities</b>			
Repurchase of treasury shares	21	(355,602)	(53,502)
Principal elements of lease payments		(22,714)	(29,289)
Payments for listing expenses		—	(11,894)
Proceeds from issuance of ordinary shares		—	173,114
<b>Net cash (used in)/generated from financing activities</b>		<b>(378,316)</b>	<b>78,429</b>
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the period		671,530	1,047,402
Exchange differences		4,317	62,580
<b>Cash and cash equivalents at the end of the period</b>		<b>689,444</b>	<b>1,335,329</b>

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 1 GENERAL INFORMATION

Fenbi Ltd. (the “**Company**”) was incorporated in the Cayman Islands on 14 December 2020 as an exempted company with limited liability under the Company Law (Cap 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is at 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in providing non-formal vocational education and training services in the People’s Republic of China (the “**PRC**”).

The ultimate controlling party are Mr. ZHANG Xiaolong, Mr. WEI Liang, Mr. LI Yong and Mr. LI Xin as they entered into a concert party agreement to acknowledge and confirm their acting-in-concert relationship in relation to the Company.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 9 January 2023 (the “**Listing**”) by way of its initial public offering (the “**IPO**”).

The condensed consolidated interim financial information are presented in Renminbi (“**RMB**”) and rounded to nearest thousand Yuan, unless otherwise stated.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

### 2.1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting”. The interim report does not include all of the notes normally included in annual consolidated financial statements. Accordingly, this report should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (“**IFRS Accounting Standards**”).

### 2.2 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended IFRS Accounting Standards as set out below.

#### ***New and amended standards adopted by the Group***

The Group has applied the following amendments for the first time from 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants — Amendments to IAS 1;
- Lease Liability In Sale and Leaseback — Amendments to IFRS 16; and
- Supplier Finance Arrangements — Amendments to IAS 7 and IFRS 7.

The above standards did not have any significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.





# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

### 2.2 Accounting policies *(Continued)*

#### ***New standards and interpretations not yet adopted***

Certain amendments to accounting standards have been published and are not mandatory for the current reporting period and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## 3 ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended 31 December 2023.

## 4 FINANCIAL RISK MANAGEMENT

### 4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and price risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023.

There have been no changes in the risk management policies since year end 31 December 2023.

### 4.2 Fair value estimation

#### **(a) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.





# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 4 FINANCIAL RISK MANAGEMENT (Continued)

### 4.2 Fair value estimation (Continued)

#### (a) Fair value hierarchy (Continued)

Recurring fair value measurements	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>At 30 June 2024 (Unaudited)</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss	—	—	307,815	307,815
<b>At 31 December 2023 (Audited)</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss	—	—	195,246	195,246

There were no transfers between level 1, level 2 and level 3 for recurring fair value measurements during the reporting period.

#### (b) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items of financial assets at fair value through profit or loss for the six months ended 30 June 2024 and 2023, respectively:

	Wealth management products RMB'000 (Unaudited)
<b>Opening balance as at 1 January 2024</b>	195,246
Additions	187,513
Settlements	(80,995)
Fair value gains on financial assets at fair value through profit or loss (Note 6)	5,286
Exchange difference	765
<b>Closing balance as at 30 June 2024</b>	307,815



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 4 FINANCIAL RISK MANAGEMENT (Continued)

### 4.2 Fair value estimation (Continued)

#### (b) Fair value measurements using significant unobservable inputs (level 3) (Continued)

	Wealth management products RMB'000 (Unaudited)
<b>Opening balance as at 1 January 2023</b>	20,033
Additions	693,475
Settlements	(693,450)
Fair value gains on financial assets at fair value through profit or loss (Note 6)	1,769
Exchange difference	6
	<hr/>
<b>Closing balance as at 30 June 2023</b>	<b>21,833</b>

#### (c) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements (see above for the valuation techniques adopted):

Description	Fair value at		Unobservable Inputs
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)	
<b>Wealth management products</b>	<b>307,815</b>	195,246	The estimated weighted average return rates of these products were 2.00% to 5.80% per annum.

The financial assets measured at fair value through profit and loss were investment in wealth management products that are usually held from several days up to one year. The increase of estimated weighted average return rates will lead to the higher fair value of the financial products. If the estimated weighted average return rates had increased/decreased by 0.5% with all other variables held constant, the profit before income tax for the six months ended 30 June 2024, would have been approximately RMB483,000 higher/lower.

#### (d) The Group's valuation processes

For the financial assets, including level 3 fair values, the Company's finance department performs the valuations. The finance department reports directly to the chief financial officer ("CFO"). Discussions of valuation processes and results are held between the CFO and finance department semiannually, in line with the Company's interim reporting dates.

The fair values have been determined by using various applicable valuation techniques, including binomial model and market approach etc.



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 5 SEGMENT INFORMATION

The Group's chief operating decision maker ("**CODM**") has been identified as executive directors who considers the business from the service perspective.

The CODM review the Group's internal reporting in order to assess performance, allocate resources, and determine the operating segments based on these reports.

As at 30 June 2024, the CODM have identified the following reportable segments:

- Tutoring services: the tutoring services are offered by the Group through classroom-based platforms which teaching to the students who physically attend the lectures in tutoring centers and tutoring bases/campuses, or through online platforms which mainly represent online tutoring courses services, membership package, challenge exercise etc.
- Sales of books: including books provided with tutoring services and printing business relevant with book selling business.

As at 30 June 2024, the CODM assess the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The selling and marketing expenses, administrative expenses and research and development expenses are common costs incurred for these operating segments as a whole and therefore, they are not included in the measure of the segments' performance which is used by the CODM as a basis for the purpose of resource allocation and assessment of segment performance. Net impairment losses on financial assets, other gains/(losses), net, finance income, net, income tax expense and assets and liabilities are also not allocated to individual operating segment.

The revenues from external customers reported to the CODM are measured in a manner consistent with that applied in the interim consolidated statement of profit or loss. Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in these interim consolidated financial information. There were no segment assets and segment liabilities information provided to the CODM for measure of the segments' performance.

The Company is domiciled in the Cayman Islands while the Group mainly operates its business in the PRC and earns substantially all of the revenues from external customers attributed to the PRC. The revenue is mainly generated in the PRC.





# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 5 SEGMENT INFORMATION *(Continued)*

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2024 and 2023 were as follows:

	Tutoring services RMB'000	Sales of books RMB'000	Total RMB'000
<b>Six months ended 30 June 2024 (Unaudited)</b>			
Segment revenue	1,378,783	335,176	1,713,959
Inter-segment revenue	—	(83,489)	(83,489)
Revenue from external customers	1,378,783	251,687	1,630,470
Cost of revenue	(580,160)	(167,107)	(747,267)
Gross profit	798,623	84,580	883,203
	Tutoring services RMB'000	Sales of books RMB'000	Total RMB'000
<b>Six months ended 30 June 2023 (Unaudited)</b>			
Segment revenue	1,422,978	344,613	1,767,591
Inter-segment revenue	—	(85,258)	(85,258)
Revenue from external customers	1,422,978	259,355	1,682,333
Cost of revenue	(656,510)	(170,143)	(826,653)
Gross profit	766,468	89,212	855,680

For tutoring services, the timing of revenue recognition is over time. For sales of books, the timing of revenue recognition is when the performance obligations of sales and delivery of goods are satisfied at a point in time.

For the six months ended 30 June 2024, the Group's customer base is diversified and none of customer with whom transactions have exceeded 10% of the Group's revenues.

As of 30 June 2024, substantially all of the non-current assets other than financial instruments and deferred tax assets of the Group were located in the PRC.



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 5 SEGMENT INFORMATION *(Continued)*

### Contract liabilities and contract assets

The Group has recognised the following contract liabilities, which represented the unsatisfied performance obligation and contract assets as at 30 June 2024 and the contract liabilities and contract assets will be expected to be recognised within one year:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Contract assets relating to certain program	<b>57,759</b>	39,252
Loss allowance	<b>(460)</b>	(312)
	<hr/>	<hr/>
Contract assets	<b>57,299</b>	38,940
	<hr/>	<hr/>
Contract liabilities	<b>212,177</b>	149,487
	<hr/>	<hr/>

#### (i) Revenue recognised in relation to contract liabilities

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Contract liabilities	<b>108,962</b>	98,557
	<hr/>	<hr/>

#### (ii) Unsatisfied contracts

The majority of contract liabilities as at 30 June 2024 were expected to be recognised within one year. As the contract terms with customers usually within 12 months, the Group applied the practical expedient as permitted under IFRS 15 not to disclose the transaction price allocated to unsatisfied performance obligations as at 30 June 2024.



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 6 OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Net fair value (losses)/gains on derivatives	(2,286)	1,530
Fair value gains on financial assets at fair value through profit or loss	5,286	1,769
Net losses related to early termination of lease agreements and the disposal of related leasehold improvements	(489)	(1,223)
Net gains/(losses) on disposal of property, plant and equipment	3	(468)
Donation	(664)	(1,050)
Net foreign exchange losses	(1,556)	(31,591)
Others	1,091	4,581
	<b>1,385</b>	<b>(26,452)</b>

## 7 EXPENSES BY NATURE

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Employee benefit expenses		678,418	964,109
Cost of course materials	16	153,985	156,411
Human resource outsourcing and other labour costs		130,795	119,355
Promotion expenses		68,992	45,513
Depreciation of right-of-use assets	13	27,136	31,902
Logistic expenses		35,181	39,581
Lease expenses	13	140,389	114,129
Classroom consumables		14,334	12,111
Meal expenses provided to students		11,964	10,051
Travel expenses		19,313	13,526
Office expenses		3,117	4,712
Depreciation of property, plant and equipment	11	12,893	21,277
Amortisation of intangible assets	12	26	49
Services fee for cloud storage		10,848	8,208
Property management costs		6,329	6,389
Tax and surcharge		8,376	9,652
Auditor's remuneration			
— Audit and audit related services		1,785	1,910
— Non-audit services		991	47
Charges for licensed payment institutions		8,495	9,564
Others		39,914	25,351
		<b>1,373,281</b>	<b>1,593,847</b>



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 8 FINANCE INCOME, NET

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Finance income:		
– Interest income	<b>20,125</b>	15,176
Finance costs:		
– Finance cost on lease liabilities	<b>(2,564)</b>	(3,270)
– Net foreign exchange losses	<b>(589)</b>	(1,678)
	<b>(3,153)</b>	(4,948)
Finance income, net	<b>16,972</b>	10,228

## 9 INCOME TAX EXPENSE/(CREDIT)

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current income tax	<b>10,627</b>	9,387
Deferred income tax	<b>(1,076)</b>	(15,162)
Income tax expense/(credit)	<b>9,551</b>	(5,775)

### (i) Cayman Islands corporate income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Act and, accordingly, is exempted from local income tax.

### (ii) Hong Kong profits tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the assessable profits for the periods presented, based on the existing legislation, interpretations and practices in respect thereof.





# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 9 INCOME TAX EXPENSE/(CREDIT) *(Continued)*

### (iii) PRC corporate income tax (“CIT”)

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% during the reporting period.

Certain subsidiaries of the Group in the PRC are approved as High and New Technology Enterprise, and accordingly, are subject to a reduced preferential CIT rate of 15% during the reporting period according to the applicable CIT Law. Certain subsidiaries of the Group in the PRC are qualified as small and micro enterprises and are entitled to a preferential corporate income tax rate of 20% during the reporting period.

### (iv) PRC Withholding Tax (“WHT”)

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profit derived after 1 January 2008 are generally subject to a 10% WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be 5%.

The Group does not have any certain plan in the foreseeable future to require its subsidiaries in mainland China to distribute their retained earnings and intends to retain them to operate and expand its business in mainland China. Accordingly, no deferred income tax liability related to WHT on undistributed earnings was accrued as of the end of reporting period.

## 10 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing:

The profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the reporting period.

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
Profit attributable to owners of the Company (RMB'000)	<b>277,739</b>	81,476
Weighted average number of ordinary shares in issue (thousands)	<b>2,167,192</b>	2,036,908
Basic earnings per share (RMB)	<b>0.13</b>	0.04



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 10 EARNINGS PER SHARE (Continued)

### (b) Diluted

Diluted earnings per share is calculated based on the profit attributable to owners of the Company by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
Profit attributable to owners of the Company (RMB'000)	<b>277,739</b>	81,476
Weighted average number of ordinary shares in issue (thousands)	<b>2,167,192</b>	2,036,908
Adjustments for:		
— Share options (thousands)	<b>27,915</b>	95,923
— RSUs (thousands)	<b>7,720</b>	—
Adjusted weighted average number of ordinary shares for diluted earnings per share (thousands)	<b>2,202,827</b>	2,132,831
Diluted earnings per share (RMB)	<b>0.13</b>	0.04

## 11 PROPERTY, PLANT AND EQUIPMENT

	Machinery RMB'000	Electronic equipment RMB'000	Motor Vehicles RMB'000	Furniture, fittings and equipment RMB'000	Leasehold Improvements RMB'000	Construction in progress RMB'000	Total RMB'000
<b>As at 1 January 2024</b>							
Cost	73,432	56,025	20,163	12,089	50,387	30,893	242,989
Accumulated depreciation	(15,445)	(49,540)	(12,870)	(5,525)	(35,558)	—	(118,938)
Net book amount	<b>57,987</b>	<b>6,485</b>	<b>7,293</b>	<b>6,564</b>	<b>14,829</b>	<b>30,893</b>	<b>124,051</b>
<b>Six months ended 30 June 2024 (Unaudited)</b>							
Opening net book amount	57,987	6,485	7,293	6,564	14,829	30,893	124,051
Additions	1,111	1,069	1,217	262	3,139	649	7,447
Transfer upon completion	31,542	—	—	—	—	(31,542)	—
Disposals	(29)	(294)	(40)	(8)	(183)	—	(554)
Disposals — subsidiary	(28,972)	(20)	(445)	(13)	(3,389)	—	(32,839)
Depreciation charge (Note 7)	(4,326)	(1,952)	(2,426)	(767)	(3,422)	—	(12,893)
Closing net book amount	<b>57,313</b>	<b>5,288</b>	<b>5,599</b>	<b>6,038</b>	<b>10,974</b>	<b>—</b>	<b>85,212</b>
<b>As at 30 June 2024 (Unaudited)</b>							
Cost	75,752	55,952	20,758	12,240	46,910	—	211,612
Accumulated depreciation	(18,439)	(50,664)	(15,159)	(6,202)	(35,936)	—	(126,400)
Net book amount	<b>57,313</b>	<b>5,288</b>	<b>5,599</b>	<b>6,038</b>	<b>10,974</b>	<b>—</b>	<b>85,212</b>

# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 11 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Machinery RMB'000	Electronic equipment RMB'000	Motor Vehicles RMB'000	Furniture, fittings and equipment RMB'000	Leasehold Improvements RMB'000	Construction in progress RMB'000	Total RMB'000
<b>As at 1 January 2023</b>							
Cost	70,240	55,343	19,632	21,830	71,673	—	238,718
Accumulated depreciation	(8,764)	(42,778)	(8,813)	(5,191)	(43,194)	—	(108,740)
Net book amount	61,476	12,565	10,819	16,639	28,479	—	129,978
<b>Six months ended 30 June 2023 (Unaudited)</b>							
Opening net book amount	61,476	12,565	10,819	16,639	28,479	—	129,978
Additions	1,061	4,038	1,599	164	312	—	7,174
Disposals	(723)	(5,287)	(1,103)	(1,572)	(1,304)	—	(9,989)
Depreciation charge (Note 7)	(3,397)	(7,251)	(2,552)	(704)	(7,373)	—	(21,277)
Closing net book amount	58,417	4,065	8,763	14,527	20,114	—	105,886
<b>As at 30 June 2023 (Unaudited)</b>							
Cost	70,434	49,485	19,570	18,254	62,335	—	220,078
Accumulated depreciation	(12,017)	(45,420)	(10,807)	(3,727)	(42,221)	—	(114,192)
Net book amount	58,417	4,065	8,763	14,527	20,114	—	105,886

No property, plant and equipment of the Group were pledged as security as at 30 June 2024 and 2023.

## 12 INTANGIBLE ASSETS

	Computer software RMB'000
<b>As at 1 January 2024</b>	
Cost	524
Accumulated amortisation	(157)
Net book amount	367
<b>Six months ended 30 June 2024 (Unaudited)</b>	
Opening net book amount	367
Amortisation	(26)
Closing net book amount as at 30 June 2024	341
<b>At 30 June 2024 (Unaudited)</b>	
Cost	524
Accumulated amortisation	(183)
Net book amount	341



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 12 INTANGIBLE ASSETS *(Continued)*

	Computer software RMB'000
<b>As at 1 January 2023</b>	
Cost	1,187
Accumulated amortisation	(313)
<b>Net book amount</b>	<b>874</b>
<b>Six months ended 30 June 2023 (Unaudited)</b>	
Opening net book amount	874
Disposals	(431)
Amortisation	(49)
<b>Closing net book amount as at 30 June 2023</b>	<b>394</b>
<b>At 30 June 2023 (Unaudited)</b>	
Cost	756
Accumulated amortisation	(362)
<b>Net book amount</b>	<b>394</b>

## 13 LEASES

This note provides information for leases where the Group is a lessee.

### (i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>Right-of-use assets</b>		
Buildings	<b>111,818</b>	116,190
<b>Lease liabilities</b>		
Current	<b>(50,435)</b>	(46,578)
Non-current	<b>(68,175)</b>	(71,683)
	<b>(118,610)</b>	(118,261)

Additions to the right-of-use assets during the six months ended 30 June 2024 were RMB27,686,000 (six months ended 30 June 2023: RMB20,625,000).





# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 13 LEASES (Continued)

### (ii) Amounts recognised in the consolidated statement of profit or loss

The consolidated statement of profit or loss includes the following amounts relating to leases:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation charge of right-of-use assets	27,136	31,902
Interest expense (included in finance cost)	2,564	3,270
Expense relating to short-term leases	140,389	114,129

The total cash outflow for short-term leases during the six months ended 30 June 2024 were RMB140,389,000 (six months ended 30 June 2023: RMB114,129,000).

The total cash outflow for leases except for short-term leases during the six months ended 30 June 2024 were RMB25,278,000 (six months ended 30 June 2023: RMB32,559,000).

### (iii) The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses, teaching bases and dormitory buildings. Rental contracts are typically made for fixed periods of 1 year to 10 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Leased assets may not be used as security for borrowing purposes.





# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 14 TRADE RECEIVABLES

		<b>30 June 2024</b>	31 December 2023
	Note	<b>RMB'000 (Unaudited)</b>	RMB'000 (Audited)
Trade receivables from contracts with customers			
— Third parties		<b>47,662</b>	31,509
— Related parties	28(c)	<b>1,089</b>	—
Loss allowance		<b>(1,266)</b>	(434)
		<b>47,485</b>	31,075

- (a) Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.
- (b) The credit terms given to trade customers are determined on an individual basis with normal credit period ranging from 30 to 90 days.

The aging analysis of the trade receivables based on invoice date were as follows:

	<b>30 June 2024</b>	31 December 2023
	<b>RMB'000 (Unaudited)</b>	RMB'000 (Audited)
Up to 3 months	<b>39,420</b>	20,092
3 to 6 months	<b>4,830</b>	8,004
6 to 12 months	<b>1,587</b>	1,744
More than 1 year	<b>2,914</b>	1,669
	<b>48,751</b>	31,509

### (c) Impairment and risk exposure

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables. The loss allowance for trade receivables at amortised cost was not material during the six months ended 30 June 2024 and 2023.



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 15 PREPAYMENTS AND OTHER RECEIVABLES

	Note	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>Non-current portion:</b>			
Prepayments for property, plant and equipment		687	2,056
Deposits receivable		10,434	9,980
Loss allowance		(108)	(104)
		<b>11,013</b>	11,932
<b>Current portion:</b>			
Receivables related to capital transactions (Note a)			
— Loans to third party		40,217	—
— Receivable related to equity transfer consideration		3,445	—
Advances to suppliers		30,536	26,640
Loans to employees (Note b)		15,000	—
Deposits receivable		11,371	13,369
Input VAT recoverable		4,867	10,394
Amounts due from related parties	28(c)	1,882	3,157
Prepayments for taxes		553	555
Others		20,159	15,167
Loss allowance		(3,137)	(2,292)
		<b>124,893</b>	66,990
		<b>135,906</b>	78,922

- (a) On May 2024, the Group and a third party (the "Investor") entered into an equity transfer agreement, pursuant to which the Group would dispose and the Investor would purchase 100% equity interest of Sichuan Lancai Shumei Technology Co., Ltd ("Sichuan Lancai", a subsidiary of the Group) at a total consideration amounted of RMB4,945,000. Upon the completion of the above transaction, Sichuan Lancai became a third party instead of a subsidiary of the Group, and the Group's receivables due from Sichuan Lancai amounted of RMB40,217,000 was no longer eliminated at the Group's consolidation level. Pursuant to a separately agreement signed by the Group and the Investor, the Group's receivables due from Sichuan Lancai amounted of RMB40,217,000 would be fully repaid to the Group within one year. As at 30 June 2024, the Investor has paid the Group part of the total consideration amounted of RMB1,500,000 and the remaining part of the total consideration of RMB3,445,000 was paid by the Investor to the Group in July 2024. As the total consideration amounted of RMB4,945,000 was close to the book value as well as the fair value of Sichuan Lancai's equity interest, the Group's gains or losses arising from the transaction was not significant.
- (b) The loans to employees given by the Company are for the purpose of incentivizing the selected employees for long-term service, with the maturity date of the loans are within one year and interest-free.



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 16 INVENTORIES

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Finished goods	<b>42,704</b>	42,716
Raw materials	<b>11,589</b>	15,527
Work in progress	<b>5,604</b>	2,744
	<b>59,897</b>	60,987

The costs of individual items of inventory are determined using weighted average costs.

The cost of inventories recognised as an expense and included in cost of revenue for the six months ended 30 June 2024 amounted to RMB153,985,000 (six months ended 30 June 2023: RMB156,411,000) (Note 7).

Included in the finished goods related to consignment arrangement were RMB1,913,000 as of 30 June 2024 (31 December 2023: RMB2,036,000).

## 17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Wealth management products	<b>307,815</b>	195,246

### (a) Amounts recognised in the consolidated statement profit or loss

During the reporting period, the following gains were recognised in profit or loss:

	<b>Six months ended 30 June</b>	
	<b>2024 RMB'000 (Unaudited)</b>	2023 RMB'000 (Unaudited)
Fair value gains on financial assets at fair value through profit or loss (Note 6)	<b>5,286</b>	1,769



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 18 OTHER FINANCIAL ASSETS AT AMORTISED COST

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Other financial assets at amortised cost	<b>72,009</b>	76,558

Other financial assets at amortised cost are short-term notes and other investments, with guaranteed annual returns ranging from 4.5% to 5.0% for the six months ended 30 June 2024 (31 December 2023: 4.0% to 4.6%). The investments are held for collection of contractual cash flows and the contractual cash flows of these investments qualify for solely payments of principal and interest, hence they are measured at amortised costs.

## 19 SHARE CAPITAL AND SHARE PREMIUM

### Company

<b>Authorised:</b>	<b>Number of ordinary shares</b>	<b>Nominal value of ordinary shares US\$'000</b>
<b>As at 1 January 2024 and 30 June 2024 (Unaudited)</b>	5,000,000,000	50

<b>Issued:</b>	<b>Number of ordinary shares (Thousands)</b>	<b>Nominal value of ordinary shares USD</b>	<b>Equivalent nominal value of ordinary shares RMB'000</b>	<b>Share premium RMB'000</b>	<b>Total share capital and share premium RMB'000</b>
<b>As at 1 January 2023</b>	728,623	7,286	47	2,648,395	2,648,442
Add:					
Issuance of ordinary shares relating to initial public offering, net of underwriting commissions and other issuance costs (Note a)	20,000	200	1	160,103	160,104
Employee share schemes – exercise of share options	112,612	1,126	8	463,423	463,431
Conversion of preferred shares to ordinary shares (Note b)	1,348,685	13,487	92	11,673,545	11,673,637
<b>As at 30 June 2023 (Unaudited)</b>	2,209,920	22,099	148	14,945,466	14,945,614
<b>As at 1 January 2024</b>	2,281,381	22,814	150	15,104,233	15,104,383
Add:					
Employee share schemes – exercise of share options	11,248	112	2	114,074	114,076
<b>As at 30 June 2024 (Unaudited)</b>	2,292,629	22,926	152	15,218,307	15,218,459



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 19 SHARE CAPITAL AND SHARE PREMIUM (Continued)

- (a) Upon completion of the IPO, the Company issued 20,000,000 new shares at par value of US\$0.00001 each for cash consideration of HK\$9.90 each, and raised gross proceeds of approximately RMB173,114,000. The respective share capital amount was approximately RMB1,000 and share premium arising from the issuance was approximately RMB160,103,000, net of the share issuance costs. The share issuance costs paid mainly include share underwriting commissions, lawyers' fees, reporting accountant's fee and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB13,010,000 were treated as a deduction against the share premium arising from the issuance.
- (b) According to the terms and conditions of the convertible preferred shares, each convertible preferred share should be automatically converted, based on the respective then-effective conversion price, without the payment of any additional consideration, into fully-paid and non assessable ordinary shares upon the closing of IPO. All convertible preferred shares of the Company were converted into ordinary shares upon completion of the IPO on 9 January 2023 accordingly. The differences of the fair value related to the convertible preferred shares between 31 December 2022 and the date of the conversion were then recognised in the profit or loss subsequent to the year end.

## 20 SHARE-BASED PAYMENTS

To incentivize its employees and promote the long-term growth of the Company, the Company has adopted the pre-IPO equity incentive scheme in December 2020 (the “**Pre-IPO Share Option Scheme**”), the share option scheme in June 2023 (the “**2023 Share Option Scheme**”) and the restricted share unit scheme in June 2023 (the “**2023 Restricted Share Unit Scheme**”). The 2023 Share Option Scheme and 2023 Restricted Share Unit Scheme were collectively referred as the 2023 Share Incentive Schemes.

### (a) The Pre-IPO Share Option Scheme

Under the Pre-IPO Share Option Scheme adopted by the Group, participants are granted options which only vest if the service condition are met. The exercise price is nil. Participation in the scheme is at the Board's discretion. The share options shall be subject to different vesting service periods from the vesting commencement date, which is the grant date of options.

As prescribed in the share option agreement and the respective grant letter:

- For vesting schedule of service period for three years, i) one-third (1/3) of the granted share options are vested on each anniversary from the vesting commencement date; or ii) 25% of the granted share options are vested on the second anniversary from the vesting commencement date and 30% and 45% of granted share options are vested on the same day in the following two subsequent years, respectively.
- For vesting schedule as four years, i) 25% of the granted share options are vested on each anniversary from the vesting commencement date; or ii) the granted share options are vested on the fourth anniversary of the vesting commencement date; or iii) 15%/25%/25%/35% of the granted share options are vested on the same day in the following four subsequent years, respectively; or iv) 40%/30%/20%/10% of the granted share options are vested on the same day in the following four subsequent years, respectively.
- For vesting schedule as two years, 50% of the granted share options are vested on each anniversary from the vesting commencement date.
- For vesting schedule that vested immediately upon granted, granted share options are vested upon the vesting commencement date.



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 20 SHARE-BASED PAYMENTS (Continued)

### (a) The Pre-IPO Share Option Scheme (Continued)

In the event a participant's employment or service with the Group is terminated for any reason, the Group shall have a right to repurchase any shares purchased by such participant upon exercise of option or the vested options at a price calculated based on the fair market value on that date as defined in the option agreement.

#### (i) Movements in the number of share options granted to participants related to the Pre-IPO Share Option Scheme

	Number of share options
<b>Outstanding as at 1 January 2024</b>	<b>75,326,760</b>
Forfeited during the period	(115,000)
Exercised during the period	<u>(25,948,890)</u>
<b>Outstanding as at 30 June 2024</b>	<b>49,262,870</b>
— Exercisable as of 30 June 2024	<u>38,172,323</u>
<b>Outstanding as at 1 January 2023</b>	218,500,500
Forfeited during the period	(658,800)
Exercised during the period (Note a)	<u>(112,612,340)</u>
<b>Outstanding as at 30 June 2023</b>	105,229,360
— Exercisable as of 30 June 2023	<u>84,366,860</u>

The weighted-average remaining contract life for outstanding share options were 6.59 years as of six months ended 30 June 2024 (30 June 2023: 7.59 years).

Note a:

In June 2023, pursuant to the resolution, the directors of the Company has approved the acceleration of the vesting of 19,947,980 options. During the six months ended 30 June 2023, 112,612,340 options (including both the previously vested and accelerated ones) were exercised.

#### (ii) Fair value of share options granted

The Group used the discounted cash flow method to determine the underlying equity fair value of the Group. During the six months ended 30 June 2024 and 2023, there were no grants related to the Pre-IPO Share Option Scheme.



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 20 SHARE-BASED PAYMENTS *(Continued)*

### (b) The 2023 Share Incentive Schemes

The 2023 Share Option Scheme and 2023 Restricted Share Unit Scheme were approved and adopted by the Company on 14 June 2023. Both schemes shall be valid and effective for a period of ten (10) years commencing on the date of adoption. Pursuant to the terms of the respective agreements as adopted by the Company, participation and vesting conditions in the 2023 Share Incentive Schemes shall be at the Board's discretion under specified circumstances in relation to the options or shares granted to the eligible participants.

On 4 September 2023, the Group granted a total of 894,000 restricted share units (the "RSUs"), representing an aggregate of 894,000 shares, to 363 employees of the Group under the 2023 Restricted Share Unit Scheme at a nil consideration, subject to the acceptance by the grantees. The closing price of the shares on this grant date was HK\$4.67 (equivalent to RMB4.27) per share.

On 2 January 2024, the Group granted a total of 15,668,000 RSUs, representing an aggregate of 15,668,000 shares, to 6,039 employees of the Group under the 2023 Restricted Share Unit Scheme at a nil consideration, subject to the acceptance by the grantees. The closing price of the shares on this grant date was HK\$4.52 (equivalent to RMB4.09) per share.

On 3 April 2024, the Group granted a total of 8,932,000 RSUs, representing an aggregate of 8,932,000 shares, to 693 employees of the Group under the 2023 Restricted Share Unit Scheme at a nil consideration, subject to the acceptance by the grantees. The closing price of the shares on this grant date was HK\$4.67 (equivalent to RMB4.23) per share.

On 13 June 2024, the Group granted a total of 7,000,000 RSUs, representing an aggregate of 7,000,000 shares, to 1 employee of the Group under the 2023 Restricted Share Unit Scheme at a nil consideration, subject to the acceptance by the grantee. The closing price of the shares on this grant date was HK\$4.29 (equivalent to RMB3.91) per share.

As prescribed in the restricted share unit agreements and the respective grant letter:

- For vesting schedule of service period for three years, 25% of the granted shares are vested on the vesting commencement date and 25% of the granted shares are vested on each anniversary from the vesting commencement date.
- For vesting schedule as four years, 25% of the granted shares are vested on each anniversary from the vesting commencement date.

During the year ended 30 June 2024 and 2023, there were no grants related to the 2023 Share Option Scheme.





# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 20 SHARE-BASED PAYMENTS (Continued)

### (b) The 2023 Share Incentive Schemes (Continued)

#### (i) Movements in the number of RSUs granted to participants related to the 2023 Restricted Share Unit Scheme

	Number of RSUs
<b>Outstanding as at 1 January 2024</b>	<b>866,000</b>
Granted during the period	31,600,000
Forfeited during the period	(484,625)
	<hr/>
<b>Outstanding as at 30 June 2024</b>	<b>31,981,375</b>
— Vested and exercisable as at 30 June 2024	<b>5,941,875</b>
	<hr/>

### (c) Expenses arising from share-based payment transactions

The total expenses arising from share-based payments recognised during the period as part of employee benefit expense were as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Options issued under the Pre-IPO Share Option Scheme	27,715	201,711
Shares issued under the 2023 Restricted Share Unit Scheme	43,643	—
	<hr/>	<hr/>
	<b>71,358</b>	201,711
	<hr/>	<hr/>

## 21 OTHER RESERVES

	Capital reserves RMB'000	Statutory surplus reserves RMB'000 (Note a)	Share-based payment reserves RMB'000	Treasury shares RMB'000 (Note b)	Other comprehensive income RMB'000	Total RMB'000
<b>As at 1 January 2024</b>	<b>(9,029,398)</b>	<b>17,501</b>	<b>211,285</b>	<b>(177,776)</b>	<b>(533,172)</b>	<b>(9,511,560)</b>
Share-based compensation (Note 20)	—	—	71,358	—	—	71,358
Employee share schemes — exercise of share options	—	—	(114,076)	—	—	(114,076)
Currency translation differences	—	—	—	—	8,571	8,571
Purchase of treasury shares (Note b)	—	—	—	(355,602)	—	(355,602)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>As at 30 June 2024 (Unaudited)</b>	<b>(9,029,398)</b>	<b>17,501</b>	<b>168,567</b>	<b>(533,378)</b>	<b>(524,601)</b>	<b>(9,901,309)</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 21 OTHER RESERVES (Continued)

	Capital reserves RMB'000	Statutory surplus reserves RMB'000 (Note a)	Share-based payment reserves RMB'000	Treasury shares RMB'000 (Note b)	Other comprehensive income RMB'000	Total RMB'000
<b>As at 1 January 2023</b>	(9,029,398)	12,566	581,774	—	(567,686)	(9,002,744)
Profit appropriation to statutory surplus reserves	—	84	—	—	—	84
Share-based compensation (Note 20)	—	—	201,711	—	—	201,711
Employee share schemes — exercise of share options	—	—	(463,431)	—	—	(463,431)
Currency translation differences	—	—	—	—	65,809	65,809
Purchase of treasury shares (Note b)	—	—	—	(53,502)	—	(53,502)
<b>As at 30 June 2023 (Unaudited)</b>	(9,029,398)	12,650	320,054	(53,502)	(501,877)	(9,252,073)

### (a) Statutory surplus reserves

In accordance with the relevant laws and regulations of the PRC, when distributing the net profit of each year, the Group shall set aside 10% of its profit after income tax (based on the PRC statutory financial statements and after offsetting accumulated losses from prior years) for the statutory surplus reserve fund (except where the reserve balance has reached 50% of the paid-in capital).

Statutory reserve can be used to make up for the loss or increase the paid-in capital after approval from the appropriate authorities.

### (b) Treasury shares

In order to establish and enhance share incentive schemes, the Company has appointed a trustee. The principal activity of the trustee is administrating and holding the Company's shares for the share incentive schemes for the benefit of the Company's eligible persons.

As the Company has the power to govern the financial and operating policies of the trustee and can derive benefits from the contributions of the employees who have been awarded the shares of the Company through their continued employment with the Group, the Group controls and thus consolidates the trustee.

Pursuant to the rules of the 2023 Share Incentive Schemes adopted by the Company in June 2023, the trustee of the 2023 Share Incentive Schemes purchased from the market a total of 54,565,000 shares at a total consideration of approximately HK\$236,547,000 (equivalent to RMB214,999,000) during the six months ended 30 June 2024 on behalf of the Company as treasury shares, which was deducted from "treasury shares" under equity (six months ended 30 June 2023: RMB53,502,000).

Pursuant to the resolution of the board of directors dated 13 May 2024, the Company intends to repurchase ordinary shares of the Company (the "Shares") in the open market from time to time during the period from 13 May 2024 to 12 May 2025 (both days inclusive) at a maximum aggregate amount of HK\$300,000,000 in value (the "Share Repurchase"), which the repurchased Shares will be cancelled subsequently. During the six months ended 30 June 2024, the Company repurchased from the market at a total of 35,871,000 Shares at a total consideration of approximately HK\$154,115,000 (equivalent to RMB140,603,000), which was subsequently cancelled prior to the date of issuance of this financial information (six months ended 30 June 2023: nil).



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 22 TRADE AND OTHER PAYABLES

		<b>30 June 2024</b>	31 December 2023
	Note	<b>RMB'000 (Unaudited)</b>	RMB'000 (Audited)
<b>Current liabilities</b>			
Trade payables		<b>28,069</b>	30,283
Amounts due to related parties	28(c)	<b>79</b>	—
Accrued salaries, bonus and welfares		<b>140,766</b>	281,606
Tax payable (other than income tax payable)		<b>25,618</b>	9,282
Accrued auditor's remuneration		<b>2,375</b>	3,263
Others		<b>7,925</b>	9,067
		<b>204,832</b>	333,501

The ageing analysis of the trade payables based on their respective invoice and issue dates are as follows:

	<b>30 June 2024</b>	31 December 2023
	<b>RMB'000 (Unaudited)</b>	RMB'000 (Audited)
Within 1 year	<b>27,713</b>	29,823
1 to 2 years	<b>310</b>	435
More than 2 years	<b>46</b>	25
	<b>28,069</b>	30,283

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

## 23 REFUND LIABILITIES

	<b>30 June 2024</b>	31 December 2023
	<b>RMB'000 (Unaudited)</b>	RMB'000 (Audited)
<b>Refund liabilities</b>		
Arising from right of refund	<b>188,823</b>	227,067



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 24 DEFERRED TAX BALANCE

The deferred tax assets and liabilities balance as at 30 June 2024 and 31 December 2023 were as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Deferred tax assets:		
to be recovered after more than 12 months	<b>42,452</b>	41,718
to be recovered within 12 months	<b>19,874</b>	22,318
<b>Total deferred tax assets</b>	<b>62,326</b>	64,036
Set-off of deferred tax liabilities pursuant to set-off provisions	<b>(21,370)</b>	(24,120)
Net deferred tax assets	<b>40,956</b>	39,916
Deferred tax liabilities:		
to be recovered after more than 12 months	<b>(9,909)</b>	(14,421)
to be recovered within 12 months	<b>(11,472)</b>	(9,746)
<b>Total deferred tax liabilities</b>	<b>(21,381)</b>	(24,167)
Set-off of deferred tax liabilities pursuant to set-off provisions	<b>21,370</b>	24,120
Net deferred tax liabilities	<b>(11)</b>	(47)

## 25 DIVIDENDS

The Board did not propose an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

## 26 COMMITMENTS

As at 30 June 2024 and 31 December 2023, the Group did not have any significant capital commitments.

## 27 CONTINGENCIES

As at 30 June 2024 and 31 December 2023, the Group did not have any significant contingent liabilities.



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 28 RELATED PARTY TRANSACTIONS (Continued)

### (c) Outstanding balances due from related parties

Balances due from related parties	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Tencent Cloud Computing (Beijing) Co., Ltd.	1,762	2,400
Beijing Yuanli Technology Co., Ltd.	1,089	1
Tenpay Payment Technology Co., Ltd.	115	64
Beijing Tencent Culture Media Co., Ltd.	5	—
Shenzhen Tencent Computer Systems Co., Ltd.	—	692
	<b>2,971</b>	<b>3,157</b>
Balances due to related parties	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Shenzhen Tencent Computer System Co., Ltd.	79	—

### (d) Key management personnel compensation

Key management compensation other than those relating to the emoluments of the directors of the Company being disclosed were set out below:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Wages, salaries and bonuses	3,826	5,227
Pension costs — defined contribution plans	88	77
Other social security costs	92	108
Share-based compensation expenses	11,802	78,015
	<b>15,808</b>	<b>83,427</b>

## 29 SUBSEQUENT EVENTS

From 1 July 2024 to 12 July 2024, the Company repurchased a total of 18,359,500 Shares from the market at a total consideration of approximately HK\$70,450,000 (equivalent to RMB64,315,000), which was deducted from “treasury shares” under equity and subsequently cancelled prior to the date of issuance of this financial information.



## Definition

“Audit Committee”	the audit committee of the Board
“Board of Directors” or “Board”	the board of directors of our Company
“CG Code”	the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules
“China” or “PRC”	People’s Republic of China, excluding, for the purposes of this interim report and for geographical reference only and except where the context requires otherwise, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan area
“Company,” “Fenbi,” “Group,” “we” or “us”	Fenbi Ltd. (粉筆有限公司), formerly known successively as Fenbi Education Technology Ltd. and Fenbi Technology Ltd., an exempted company incorporated under the laws of Cayman Islands with limited liability on December 14, 2020, and, except where the context indicated otherwise, all of its subsidiaries, or with respect to the period before our Company became the holding company of our current subsidiaries, the business operated by our present subsidiaries or their predecessors (as the case may be)
“Director(s)”	the director(s) of our Company
“Employee Participant(s)”	any employee (whether full-time or part-time), any director (including executive directors, non-executive directors and independent non-executive directors) of the Group, and any persons who are granted awards under the 2023 Restricted Share Unit Scheme or options under the 2023 Share Option Scheme as an inducement to enter into employment contracts with any member of the Group
“Fenbi Bluesky”	Beijing Fenbi Bluesky Technology Co., Ltd. (北京粉筆藍天科技有限公司), a limited liability company established under the laws of the PRC on February 25, 2015, and one of the consolidated affiliated entities, the financial accounts of which have been consolidated and accounted for as if they were subsidiaries of the Company by virtue of the contractual arrangements
“Global Offering”	the Hong Kong public offering and the international offering of the Company
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“IPO”	initial public offering
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	January 9, 2023, on which the Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange



“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“Mr. Zhang”	Mr. ZHANG Xiaolong (張小龍), our chairman of the Board, executive Director, chief executive officer and one of the Controlling Shareholders
“Nomination Committee”	the nomination committee of the Board
“Ocorian Trust Company”	Ocorian Singapore Trust Company Pte. Ltd., an Independent Third Party and professional trustee company established in Singapore, acting as the trustee of each of ZXL Family Trust and WL Family Trust
“Pre-IPO Share Option Scheme”	the pre-IPO equity incentive scheme adopted by the Company on December 31, 2020, as amended from time to time, the principal terms of which are summarized in “Statutory and General Information — D. Pre-IPO Share Option Scheme” in Appendix IV to the Prospectus
“Prospectus”	the prospectus of the Company dated December 23, 2022
“Related Entity Participant(s)”	the directors, chief executives and employees of the holding companies, fellow subsidiaries and associated companies of the Company, provided that the Board shall have absolute discretion to determine whether or not one falls within such category
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reporting Period”	the six months ended June 30, 2024
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.0001 each
“Shareholder(s)”	holder(s) of our Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“USD” or “US\$”	United States dollars, the lawful currency of the United States





## Definition

“WL Family Trust”	the discretionary trust established by Mr. WEI Liang as the settlor and the protector, with Ocorian Trust Company as the trustee, and the beneficiaries of the trust include Mr. Wei and his family members
“ZXL Family Trust”	the discretionary trust established by Mr. ZHANG Xiaolong as the settlor and the protector, with Ocorian Trust Company as the trustee, and the beneficiaries of the trust include Mr. Zhang and his family members
“2023 Restricted Share Unit Scheme”	the restricted share unit scheme adopted by the Company on June 14, 2023
“2023 Share Option Scheme”	the share option scheme adopted by the Company on June 14, 2023

