

## FUTURE PLANS AND USE OF [REDACTED]

### FUTURE PLANS

See “Business — Growth Strategies” for a detailed description of our future plans.

### USE OF [REDACTED]

We estimate that the [REDACTED] of the [REDACTED], after deducting the estimated [REDACTED] and other fees and expenses in connection with the [REDACTED], will be approximately HK\$[REDACTED], assuming the [REDACTED] is fixed at HK\$[REDACTED] per Share (being the mid-point of the indicative range of the [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per Share), and the non-exercise of the [REDACTED].

We currently intend to use the [REDACTED] of the [REDACTED] for the purposes and in the amounts as set out below.

	Year ending December 31,		Total
	2023	2024	
		(HK\$ in millions)	
Enriching our course offerings and expanding our student base . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Enhancing our content and technological development capabilities . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Conducting marketing campaigns primarily for our newly developed courses . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Working capital and other general corporate purposes . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
<b>Total . . . . .</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>

The basis and details of our estimated use of the [REDACTED] are set out as below.

- approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, to enrich our course offerings and expand our student base:

- (1) approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, to enhance and upgrade our existing course offerings, especially teacher qualification and recruitment tutoring courses and graduate school entrance examination preparation courses. We currently expect to utilize approximately [REDACTED]% and [REDACTED]% of the foregoing [REDACTED] in 2023 and 2024, respectively. Specifically, we plan to recruit more qualified instructors and other teaching staff who possess requisite knowledge and skills in such course subjects and are well-experienced in delivering large-class courses in a live format.

In particular, we plan to recruit an aggregate of approximately 110 employees in 2023 and 2024 for teacher qualification and recruitment tutoring courses, including (i) approximately 40 employees responsible for the design and optimization of question banks, (ii) approximately 40 employees responsible for the development and improvement of related course materials, and (iii) approximately 30 employees responsible for targeted sales and marketing. The annual salary for such personnel generally ranges from RMB150,000 to RMB200,000. We also plan to recruit an aggregate of approximately 330 employees in 2023 and 2024 for graduate school entrance examination preparation courses, including (i) approximately 200 employees responsible for course delivery and operational support, and (ii) approximately 130 employees responsible for the design and optimization of question banks. The annual salary for such personnel generally ranges from RMB80,000 to RMB120,000.

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## FUTURE PLANS AND USE OF [REDACTED]

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Teacher qualification and recruitment tutoring courses and graduate school entrance examination preparation courses are relatively new additions to our course offerings with less teaching staff compared to our civil servants examination tutoring courses. However, demand for tutoring services of these two subjects are expected to grow rapidly in the future. To capitalize on the significant market opportunities, we plan to recruit additional personnel specialized on these subjects from time to time over the next two years based on thorough market demand analysis.

- (2) approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, to develop and launch vocational skill training courses in high demand and with significant growth potential. We currently expect to utilize approximately [REDACTED]% and [REDACTED]% of the foregoing [REDACTED] in 2023 and 2024, respectively. According to the F&S Report, vocational skill training is an important segment of non-formal VET, accounting for 68.8% of the market size of China’s non-formal VET industry in terms of revenue in 2021. Driven by favorable policies to cultivate skilled personnel and encourage the development of vocational skill training, China’s vocational skill training industry, in terms of revenue, is expected to increase from RMB152.4 billion in 2021 to RMB221.5 billion in 2026 at a CAGR of 7.8%. In addition, given the fierce competition in the job market, a growing number of China’s adult students are expected to participate in vocational skill training to enhance their practice skills so as to increase their chances of obtaining requisite vocational skill qualifications and securing preferred jobs. The unique student enrollments of China’s vocational skill training industry are expected to increase from 20.6 million in 2021 to 24.3 million in 2026 at a CAGR of 3.4%, according to the same source. On the other hand, China’s vocational skill training is highly fragmented, and the penetration rate of long-term systematic vocational skills training services is generally lower than that of career test preparation services. As such, we believe that by leveraging our extensive experience in China’s career test preparation industry, our established Fenbi online platform and our well-recognized brand among China’s adult students, we are well positioned to capture the demands in the underserved vocational skill training industry and enlarge our market share.

We currently plan to launch online information technology courses and online and classroom-based culinary art courses. Driven by the rapid development of information technology industry and the emergence of new technologies and applications across various industry verticals, enterprises generally have evolving demands for professional talents with advanced technical skills covering various fields. As a result, information technology tutoring has shown a positive growth trend, according to the F&S Report. Moreover, we believe that information technology tutoring shares the same student base as the recruitment examination tutoring as they both target the adult students with higher education background and aspiration to achieve a white-collar level compensation and social status. As such, we can leverage our massive user base and realize cross-selling opportunities. As for the culinary art courses, we consider that such tutoring service has high demand and significant growth potential. According to the F&S Report, the growing per capita consumption expenditure on food, the increasingly popular dining out culture and fast-paced lifestyle, various upgrades in terms of cuisine dishes, flavors and service models, and the development of cooking technology and restaurant management have led to the catering industry’s flourishing and accordingly, the increased demand for culinary art professionals. Driven by government support and the satisfactory salary level of professional cooks, an increasing number of adult students are expected to participate in culinary art tutoring. We plan to provide advanced culinary art courses featuring know-how of nutritional science and weight control via a dietary approach, which requires more in-depth and diversified knowledge than training of traditional culinary art. We believe that our vocational skill training courses will allow us to appeal to a broader student base and add more value to the skills of our students, differentiating them in the job market for greater earning power.

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## FUTURE PLANS AND USE OF [REDACTED]

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To that end, we plan to assemble a team of instructors and other teaching staff well-versed in the respective areas, and cultivate our course offerings and content development capability for such subjects. In particular, we plan to recruit approximately 55 employees in 2023 and 2024, responsible for course delivery, operational support, and sales and marketing in relation to our contemplated online and classroom-based culinary art tutoring services. We also plan to recruit approximately 45 employees in 2023 and 2024, responsible for course delivery, operational support, and sales and marketing in relation to our contemplated online information technology tutoring services. Based on our current estimation, the annual salary for instructors in relation to information technology and culinary art tutoring services generally ranges from approximately RMB180,000 to approximately RMB720,000, the annual salary for related operational support staff generally ranges from RMB96,000 to RMB300,000, and the annual salary for related sales and marketing employees is estimated to be approximately RMB240,000.

Specifically, we intend to incur approximately HK\$[REDACTED] million for our contemplated online and classroom-based culinary art tutoring services, including approximately [REDACTED]% for employee compensation, approximately [REDACTED]% for course materials, such as cooking ingredients, approximately [REDACTED]% for advertisement placement, approximately [REDACTED]% for rental and classroom renovation, and approximately [REDACTED]% for classroom consumables. We currently expect to establish two operational hubs in the first- or second-tier cities in Yangtze River Delta region, Pearl River Delta region or Sichuan Basin and set up classrooms on leased properties with appropriate facilities and equipment to deliver classroom-based culinary art tutoring courses. We also expect to incur approximately HK\$[REDACTED] million for our contemplated online information technology tutoring services, including approximately [REDACTED]% for employee compensation, approximately [REDACTED]% for course materials, and approximately [REDACTED]% for advertisement placement.

- approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, to enhance our content and technological development capabilities:
  - (1) approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, to enhance our technological development capability and improve our technology and infrastructure. We plan to use approximately HK\$[REDACTED] million to advance our in-house developed RTC video system with new and more interactive features with a view to boost student’s learning effectiveness and improve their learning experience. We also plan to use approximately HK\$[REDACTED] million to improve and optimize the audio and video streaming technologies underlying our RTC system to enable more stable and immersive online learning experience for our students. In addition, we will use approximately HK\$[REDACTED] million to promote business intelligence and analytics by refining our data analytics and AI technologies and expanding their applications in our daily operations, such as launching more targeted courses and products, facilitating the iteration and integration of online and offline course offerings, and directing our geographical expansion efforts. Furthermore, we aim to use approximately HK\$[REDACTED] million to explore the application of other cutting-edge technologies, such as virtual reality and augmented reality, to upgrade the existing features of our learning toolkits and develop new ones. By doing so, we expect to further enhance student engagement and improve learning outcomes for our students. We also plan to use approximately HK\$[REDACTED] million to develop in-house an online interview system featuring advanced voice recognition technology, which can be used to deliver our interview courses to a broader student base and enable students to easily practice interview questions on our platform.

## FUTURE PLANS AND USE OF [REDACTED]

The following table sets forth the details of our estimated use of the [REDACTED] for enhancing our technological development capabilities based on our current estimation.

	Year ending December 31,		Total
	2023	2024	
		(HK\$ in millions)	
Upgrade of RTC video system . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Optimization of audio and video streaming technologies . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Application of data analytics and AI technologies. . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Development of virtual reality and augmented reality technologies . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Launch of online interview system . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
<b>Total . . . . .</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>

To achieve these goals, we intend to recruit top-notch industry talents, including industry-leading researchers and engineers, as well as graduates from top institutions. We will also continue to invest in our technology infrastructure to accommodate the rapid expansion of our business.

- (2) approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, to strengthen our content development capabilities by recruiting more experienced content development personnel. Based on our current estimation, we plan to recruit approximately 25 employees in 2023 and 2024 with an annual salary of approximately RMB66,000. We currently expect to utilize approximately [REDACTED]% and [REDACTED]% of the foregoing [REDACTED] in 2023 and 2024, respectively. We plan to refine our existing course curricula and course materials, develop new ones in connection with the launch of new courses, and optimize our centralized content development system.
- approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, to conduct marketing campaigns primarily for our newly developed courses by placing advertisements through various channels and organizing promotional events. We currently expect to utilize approximately [REDACTED]% and [REDACTED]% of the foregoing [REDACTED] in 2023 and 2024, respectively; and
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, for working capital and general corporate purposes. We currently expect to utilize approximately [REDACTED]% and [REDACTED]% of the foregoing [REDACTED] in 2023 and 2024, respectively.

The above allocation of the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed below or above the mid-point of the indicative [REDACTED] range. Any additional [REDACTED] received from the exercise of the [REDACTED] will also be allocated to the above purposes on a pro rata basis. In the event that the [REDACTED] is exercised in full, we will receive net [REDACTED] of HK\$[REDACTED] million (after deducting the estimated [REDACTED] and other fees and expenses in connection with the [REDACTED] and assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range).

To the extent that the [REDACTED] are not immediately applied to the above purposes or if we are unable to put into effect any part of our development plan as intended, we intend to deposit the [REDACTED] into short-term demand deposits or low-risk, high-liquidity interest-bearing accounts with licensed banks or other authorized financial institutions so long as it is deemed to be in the best interests of our Company.