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Fenbi Ltd.
粉筆有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2469)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

The board (the "**Board**") of directors (the "**Directors**") of Fenbi Ltd. (the "**Company**", together with its subsidiaries and consolidated affiliated entities, the "**Group**") is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2024 (the "**Reporting Period**"), together with the comparative figures for the year ended December 31, 2023.

In this announcement, "we," "us," "our" and "Fenbi" refer to the Company and where the context otherwise requires, the Group.

RESULTS HIGHLIGHTS

Financial Results

	2024	2023
	RMB'000	*RMB'000*
Revenue	**2,789,781**	3,021,318
Gross profit	**1,463,978**	1,569,823
Profit for the year	**239,570**	188,566
Adjusted net profit (non-IFRS measure) *Note*	**362,532**	445,130

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

Operating Results

	As of/for the year ended December 31, 2024	As of/for the year ended December 31, 2023
Employees	**7,177**	7,325
Full-time instructors	**3,026**	3,225
Other staff	**4,151**	4,100
Average monthly active users	**9.1 million**	9.1 million

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**Year ended December 31, 2024** *RMB'000*	2023 *RMB'000*
Revenue	*3*	**2,789,781**	3,021,318
Cost of revenue	*3, 6*	**(1,325,803)**	(1,451,495)
Gross profit		**1,463,978**	1,569,823
Administrative expenses	*6*	**(411,400)**	(471,478)
Selling and marketing expenses	*6*	**(630,874)**	(673,908)
Research and development expenses	*6*	**(221,129)**	(251,354)
Net impairment losses on financial assets		**(174)**	(3,173)
Other income	*4*	**22,152**	28,896
Other gains/(losses), net	*5*	**4,658**	(17,792)
Operating profit		**227,211**	181,014
Fair value losses of financial liabilities at fair value through profit or loss		**–**	(4,853)
Finance income		**39,693**	42,247
Finance costs		**(4,865)**	(13,455)
Finance income, net	*7*	**34,828**	28,792
Profit before income tax		**262,039**	204,953
Income tax expense	*8*	**(22,469)**	(16,387)
Profit for the year		**239,570**	188,566
Profit attributable to：			
– Owners of the Company		**239,570**	188,566
Earnings per share for profit attributable to owners of the Company (RMB)			
Basic earnings per share	*9*	**0.11**	0.09
Diluted earnings per share	*9*	**0.11**	0.08

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Profit for the year	**239,570**	188,566
Other comprehensive income		
Items that may be reclassified to profit or loss		
– Currency translation differences of the Company's subsidiaries	**(4,820)**	268
Items that will not be reclassified to profit or loss		
– Currency translation differences of the Company	**21,944**	34,246
Other comprehensive income for the year, net of tax	**17,124**	34,514
Total comprehensive income for the year	**256,694**	223,080
Total comprehensive income for the year attributable to:		
– Owners of the Company	**256,694**	223,080

CONSOLIDATED BALANCE SHEET

		As at December 31,	
	Notes	**2024**	2023
		RMB'000	*RMB'000*
Assets			
Non-current assets			
Property, plant and equipment		**80,574**	124,051
Right-of-use assets		**91,511**	116,190
Intangible assets		**2,994**	367
Prepayments and other receivables		**10,684**	11,932
Deferred income tax assets	*13*	**38,970**	39,916
Term deposits with initial term of over three months		**200,123**	–
Total non-current assets		**424,856**	292,456
Current assets			
Inventories		**77,042**	60,987
Trade receivables	*10*	**20,629**	31,075
Contract assets	*3*	**12,806**	38,940
Prepayment and other receivables		**118,650**	66,990
Financial assets at fair value through profit or loss		**123,756**	195,246
Other financial assets at amortised cost		**65,474**	76,558
Cash and cash equivalents		**945,953**	671,530
Restricted cash		**–**	5,666
Term deposits with initial term of over three months		**87,748**	683,060
Total current assets		**1,452,058**	1,830,052
Total assets		**1,876,914**	2,122,508

CONSOLIDATED BALANCE SHEET (Continued)

		As at December 31,	
	Notes	**2024**	2023
		RMB'000	*RMB'000*
Equity			
Equity attributable to owners of the Company			
Share capital	*11*	**148**	150
Share premium	*11*	**15,064,115**	15,104,233
Other reserves		**(9,752,966)**	(9,511,560)
Accumulated losses		**(4,107,858)**	(4,325,079)
Total equity		**1,203,439**	1,267,744
Liabilities			
Non-current liabilities			
Lease liabilities		**40,859**	71,683
Deferred income tax liabilities	*13*	**9,912**	47
Deferred income		**778**	1,539
Total non-current liabilities		**51,549**	73,269
Current liabilities			
Trade and other payables	*12*	**232,682**	333,501
Contract liabilities	*3*	**140,363**	149,487
Refund liabilities		**173,515**	227,067
Current income tax liabilities		**25,657**	24,698
Lease liabilities		**49,709**	46,578
Financial liabilities at fair value through profit or loss		**–**	164
Total current liabilities		**621,926**	781,495
Total liabilities		**673,475**	854,764
Total equity and liabilities		**1,876,914**	2,122,508

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Fenbi Ltd. (the "**Company**") was incorporated in the Cayman Islands on December 14, 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 January 9, 2023 (the "**Listing**") by way of its initial public offering (the "**IPO**").

The financial statements are presented in Renminbi ("**RMB**") and rounded to nearest thousand Yuan, unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**"). IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards, and
- Interpretations developed by the IFRS Interpretations Committee ("**IFRIC Interpretations**") or its predecessor body, the Standing Interpretations Committee ("**SIC Interpretations**").

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for its annual reporting period commencing January 1, 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 amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards, amendments and annual improvements and interpretations not yet adopted

Certain new accounting standards, amendments and annual improvements have been published and are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group.

- Amendments to IAS 21 – Lack of Exchangeability (effective for annual periods beginning on or after January 1, 2025)
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after January 1, 2026)
- Annual Improvements to IFRS – Volume 11 (effective for annual periods beginning on or after January 1, 2026)
- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after January 1, 2027)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after January 1, 2027)

These new standards, amendments and annual improvements listed above are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions, except for the *IFRS 18 presentation and disclosure in financial statements* ("**IFRS 18**").

IFRS 18 will replace *IAS 1 presentation of financial statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:

    - Foreign exchange differences currently aggregated in the line item "other gains/(losses), net and finance income, net" in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.

- The line items presented on the primary financial statements might change as a result of the application of the concept of "useful structured summary" and the enhanced principles on aggregation and disaggregation.

- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation and disaggregation principles.

The Group will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with IFRS 18.

3 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("**CODM**").

The executive directors assess the financial performance and position of the Group and makes strategic decisions. The executive directors, which has been identified as being the chief operating decision maker, consists of the chief executive officer, the chief financial officer and the manager for corporate planning.

The Group's 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 December 31, 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 December 31, 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 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 consolidated financial statements. 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.

The segment information provided to the CODM for the reportable segments for the years ended December 31, 2024 and 2023 were as follows:

	Year ended December 31, 2024		
	Tutoring services	**Sales of books**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Segment revenue	**2,340,790**	**600,779**	**2,941,569**
Inter-segment revenue	**–**	**(151,788)**	**(151,788)**
Revenue from external customers	**2,340,790**	**448,991**	**2,789,781**
Cost of revenue *(a)*	**(1,029,280)**	**(296,523)**	**(1,325,803)**
Gross profit	**1,311,510**	**152,468**	**1,463,978**

	Year ended December 31, 2023		
	Tutoring services	Sales of books	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	2,514,526	657,895	3,172,421
Inter-segment revenue	–	(151,103)	(151,103)
Revenue from external customers	2,514,526	506,792	3,021,318
Cost of revenue *(a)*	(1,120,672)	(330,823)	(1,451,495)
Gross profit	1,393,854	175,969	1,569,823

(a) Cost of revenue primarily comprises of employee benefit expenses, cost of course materials and lease expenses.

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.

The reconciliation of gross profit to profit before income tax of individual year during the year ended December 31, 2024 was shown in the consolidated statement of profit or loss.

For the year ended December 31, 2024, the Group's customer base was diversified and none of customer with whom transactions have exceeded 10% of the Group's revenues.

As of December 31, 2024, substantially all of the non-current assets other than financial instruments and deferred tax assets of the Group were located in the PRC.

Contract liabilities and contract assets

The Group has recognised the following contract assets and contract liabilities (which represented the unsatisfied performance obligation) as at December 31, 2024.

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Contract assets relating to certain program	**12,923**	39,252
Loss allowance	**(117)**	(312)
Contract assets	**12,806**	38,940
Contract liabilities	**140,363**	149,487

(i) Revenue recognised in relation to contract liabilities

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Contract liabilities	**127,388**	98,557

(ii) Unsatisfied contracts

The majority of contract liabilities as at December 31, 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 December 31, 2024.

Accounting policies of revenue recognition

Revenue is recognised when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

Consignment sales are the sales of books of the Group under consignment arrangement with certain distributor which undertakes to sell the books to end customers on behalf of the Group. Revenue is recognised by the Group when the control of the goods is transferred to the end customers.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed, the Group presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The Group's revenue is mainly generated from providing vocational education and training services and selling books.

(a) Providing services

The services that the Group provide to the customers via different platform. Fees are generally received in advance prior to the beginning of certain courses. The Group recognised as revenue at the minimum amount of variable consideration in the transaction price if there is the amount that is not constrained ("**The minimum amount**"). The minimum amount is recognised proportionately over the relevant period in which the services are rendered.

As for constraint on the amount of variable consideration, the Group will recognise some or all of the amount of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group recognises a refund liability if the Group receives consideration from a customer and expects to refund some or all of that consideration to the customer. A refund liability is measured at the amount of consideration received (or receivable) for which the entity does not expect to be entitled (i.e., amounts not included in the transaction price). The refund liability (and corresponding change in the transaction price and, therefore, the contract liability) will be updated at the end of each reporting period for changes in circumstances.

(b) Sales of books

Revenue from sales of books is recognised when or as the control of the products is transferred to a customer. Control of the products is transferred to the customers, when an agreement has been signed with a customer and the required documents have been delivered.

4 OTHER INCOME

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Government grants	**4,038**	6,809
VAT reduction	**2,816**	6,923
Interest income on other financial assets at amortised cost	**3,741**	5,704
Others	**11,557**	9,460
	22,152	28,896

5 OTHER GAINS/(LOSSES), NET

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Fair value gains on financial assets at fair value through profit or loss	**10,517**	6,120
Net losses on early termination of leases and the disposal of related leasehold improvements	**(110)**	(4,113)
Net fair value (losses)/gains on derivatives *(a)*	**(3,802)**	640
Net losses on disposal of property, plant and equipment and intangible assets	**(86)**	(1,087)
Donation	**(1,926)**	(1,644)
Net foreign exchange losses	**(2,400)**	(20,738)
Others	**2,465**	3,030
	4,658	(17,792)

(a) For the years ended December 31, 2024 and 2023, the Group entered into certain Foreign Currency Contracts. For the year ended December 31, 2024, a loss recognised mainly due to the settlement of the foreign exchange forward contract.

6 EXPENSES BY NATURE

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Employee benefit expenses	**1,368,102**	1,657,185
Cost of course materials	**251,889**	299,283
Human resource outsourcing and other labour costs	**223,180**	200,177
Promotion expenses	**115,813**	120,440
Depreciation of right-of-use assets	**51,977**	60,744
Logistic expenses	**65,041**	73,603
Lease expenses	**247,590**	202,916
Classroom consumables	**30,019**	22,121
Meal expenses provided to students	**12,996**	12,217
Travel expenses	**35,982**	30,399
Office expenses	**6,371**	8,171
Depreciation of property, plant and equipment	**23,752**	39,633
Amortisation for intangible assets	**279**	76
Services fee for cloud storage	**21,750**	18,386
Property management costs	**12,690**	13,324
Tax and surcharge	**13,953**	14,463
Auditor's remuneration		
— Audit and audit related services	**4,450**	4,564
— Non-audit services	**1,021**	720
Charges for licensed payment institutions	**15,057**	18,038
Others	**87,294**	51,775
	2,589,206	2,848,235

7 FINANCE INCOME, NET

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Finance income:		
Interest income	**39,499**	42,247
Net foreign exchange gains	**194**	–
	39,693	42,247
Finance costs:		
Finance cost on lease liabilities	**(4,865)**	(6,082)
Net foreign exchange losses	**–**	(7,373)
	(4,865)	(13,455)
Finance income, net	**34,828**	28,792

8 INCOME TAX EXPENSE

This note provides an analysis of the Group's income tax expense, and shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

8.1 Accounting policies of income tax expense

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

8.2 Financial information of income tax expense

(a) Income tax expense

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Current income tax	**11,656**	18,876
Deferred income tax	**10,813**	(2,489)
Income tax expense	**22,469**	16,387

(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*

No provision for Hong Kong profit tax was provided as the Group did not have any estimated assessable profits in Hong Kong during the years ended December 31, 2024 and 2023.

(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 of the Group's PRC subsidiaries 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 January 1, 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%.

Deferred income tax have been recognised at December 31, 2024 for the withholding tax that would be payable on the earnings of its subsidiaries in mainland China that are expected to be distributed in the foreseeable future. The remaining undistributed earnings of its subsidiaries in mainland China, for which withholding tax is not provided for, amounted to RMB5,891,000 as at December 31, 2024.

(b) *Numerical reconciliation of income tax expense to prima facie tax payable*

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Profit before income tax		**262,039**	204,953
Tax expense calculated at applicable statutory tax rates	*(i)*	**71,072**	56,992
Preferential tax rates on income of certain subsidiaries		**(16,606)**	(33,007)
Expenses not deductible for taxation purposes		**7,410**	63,981
Temporary difference for which no deferred income tax was recognised		**1,491**	1,157
Tax losses for which no deferred tax asset was recognised		**15,700**	4,249
Previously unrecognised tax losses now recouped to reduce current tax expense		**(51,684)**	(59,320)
Additional deduction of research and development expense	*(ii)*	**(12,414)**	(17,665)
Withholding tax on unremitted earnings of PRC subsidiaries		**7,500**	–
		22,469	16,387

(i) Taxation has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

(ii) Certain subsidiaries of the Group in the PRC are entitled to additional deductions of research and development expense before income tax expense according to the applicable CIT Law. The Group accounts for these allowances as tax credits, which means that the allowance reduces current income tax liabilities and income tax expense.

9 EARNINGS PER SHARE

9.1 Accounting polices of earnings per share

(a) *Basic earnings per share*

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 financial year.

(b) Diluted earnings per share

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

9.2 Financial information of earnings per share

(a) Basic earnings per share

	Year ended December 31,	
	2024	2023
Profit attributable to owners of the Company *(RMB'000)*	**239,570**	188,566
Weighted average number of ordinary shares in issue *(thousands)*	**2,142,669**	2,153,997
Basic earnings per share *(RMB)*	**0.11**	0.09

(b) Diluted earnings per share

	Year ended December 31,	
	2024	2023
Profit attributable to owners of the Company *(RMB'000)*	**239,570**	188,566
Weighted average number of ordinary shares in issue *(thousands)*	**2,142,669**	2,153,997
Adjustments for:		
— Share options *(thousands)*	**42,755**	72,142
— RSUs *(thousands)*	**9,978**	285
Adjusted weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**2,195,402**	2,226,424
Diluted earnings per share *(RMB)*	**0.11**	0.08

10 TRADE RECEIVABLES

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables from contracts with customers	**20,904**	31,509
Loss allowance	**(275)**	(434)
	20,629	31,075

(a) Due to the short-term nature of the trade 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 mainly ranging from 30 to 60 days.

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

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Up to 3 months	**15,700**	20,092
3 to 6 months	**1,598**	8,004
6 to 12 months	**217**	1,744
More than 1 year	**3,389**	1,669
	20,904	31,509

(c) Impairment and risk exposure

The Group applies the IFRS 9 simplified approach to trade receivables. The loss allowance for trade receivables at amortised cost was not material during the year ended December 31, 2024.

11 SHARE CAPITAL AND SHARE PREMIUM

Company

Authorised:	**Number of ordinary shares**	**Nominal value of ordinary shares**
		USD'000
As at January 1, 2023, December 31, 2023 and December 31, 2024	5,000,000,000	50

Issued:	**Number of ordinary shares**	**Nominal value of ordinary shares**	**Equivalent nominal value of ordinary shares**	**Share premium**	**Total share capital and share premium**
	(Thousands)	*USD*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	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	20,000	200	1	160,103	160,104
Employee share schemes – exercise of share options	184,073	1,841	10	622,190	622,200
Conversion of preferred shares to ordinary shares	1,348,685	13,487	92	11,673,545	11,673,637
As at December 31, 2023	2,281,381	22,814	150	15,104,233	15,104,383
Add:					
Employee share schemes – exercise of share incentive schemes	13,360	134	3	188,838	188,841
Cancellation of treasury shares	(65,060)	(651)	(5)	(228,956)	(228,961)
As at December 31, 2024	2,229,681	22,297	148	15,064,115	15,064,263

12 TRADE AND OTHER PAYABLES

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Trade payables	**34,559**	30,283
Accrued salaries, bonuses and welfares	**155,650**	281,606
Tax payable (other than income tax payable)	**30,384**	9,282
Accrued auditor's remuneration	**2,678**	3,263
Others	**9,411**	9,067
	232,682	333,501

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

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**34,378**	29,823
More than 1 year	**181**	460
	34,559	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.

13 DEFERRED INCOME TAX BALANCES

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

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Deferred income tax assets:		
to be recovered after more than 12 months	**28,558**	41,718
to be recovered within 12 months	**29,627**	22,318
Total deferred income tax assets	**58,185**	64,036
Set-off of deferred income tax liabilities pursuant to set-off provisions	**(19,215)**	(24,120)
Net deferred income tax assets	**38,970**	39,916
Deferred income tax liabilities:		
to be recovered after more than 12 months	**(9,289)**	(14,421)
to be recovered within 12 months	**(19,838)**	(9,746)
Total deferred income tax liabilities	**(29,127)**	(24,167)
Set-off of deferred income tax liabilities pursuant to set-off provisions	**19,215**	24,120
Net deferred income tax liabilities	**(9,912)**	(47)

Movements in deferred income tax assets and deferred income tax liabilities during the year were as follows:

Deferred income tax assets	**Tax losses** *RMB'000*	**Lease liabilities** *RMB'000*	**Total** *RMB'000*
As at January 1, 2023	37,467	33,840	71,307
Credited/(charged) to profit or loss	2,452	(9,723)	(7,271)
As at December 31, 2023	39,919	24,117	64,036
Charged to profit or loss	(229)	(4,694)	(4,923)
Disposal of a subsidiary	–	(928)	(928)
As at December 31, 2024	39,690	18,495	58,185

Deferred income tax liabilities	**Unrealised investment income** *RMB'000*	**Right-of-use assets** *RMB'000*	**Withholding tax** *RMB'000*	**Accelerated tax depreciation** *RMB'000*	**Total** *RMB'000*
As at January 1, 2023	–	(33,927)	–	–	(33,927)
(Charged)/credited to profit or loss	(42)	9,802	–	–	9,760
As at December 31, 2023	(42)	(24,125)	–	–	(24,167)
Credited/(charged) to profit or loss	24	4,115	(7,500)	(2,529)	(5,890)
Disposal of a subsidiary	–	930	–	–	930
As at December 31, 2024	(18)	(19,080)	(7,500)	(2,529)	(29,127)

Note a:

Tax losses

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Unused tax losses for which no deferred tax asset has been recognised	**395,264**	699,315

The Group has certain unused tax losses for which no deferred tax asset has been recognised as the related Group entities are not likely to generate taxable income in the foreseeable future to utilise these tax losses.

The expiry date of these unrecognised tax losses are as follow:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Year ending		
– December 31, 2026	**20,224**	378,272
– December 31, 2027	**9,560**	16,825
– December 31, 2028	**2,959**	2,981
– December 31, 2029	**27,688**	–
– December 31, 2031	**139,147**	167,223
– December 31, 2034	**33,356**	–
– No expiry date *(i)*	**162,330**	134,014
Total	**395,264**	699,315

Note i:

These deductible losses without expiry date were incurred by a subsidiary which was incorporated in Hong Kong and can be carried forward for subsequent years until they are fully utilised .

14 DIVIDENDS

The Board did not propose a final dividend during the year ended December 31, 2024 (2023: nil).

15 SUBSEQUENT EVENTS

As of the date of this announcement, no significant subsequent event happened.

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. In 2024, revenue generated from the online learning products amounted to approximately RMB105.9 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 RMB1,280. In 2024, revenue generated from the large-class tutoring courses amounted to approximately RMB508.2 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. Supported by our increasingly accumulated data, we offer personalized and targeted comprehensive learning solutions to each student. In 2024, revenue generated from the small-class tutoring sessions amounted to approximately RMB1,687.3 million.

- ***Other tutoring courses.*** Other tutoring courses include special tutoring courses and promotional courses. In 2024, revenue generated from other tutoring courses amounted to approximately RMB39.4 million.

We operate a scalable business benefiting from our solid online presence and the significant synergies achieved through an innovative online-merge-offline 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

In 2024, amid fierce competition, we chose to preserve. Fenbi has always maintained a strategic resolve, adhering to our own path. Firstly, we refuse to produce homogeneous, low-quality products. While maintaining reasonable product margins, we continuously improve our teaching research services, safeguard the core interests of our outstanding employees, maintain the stability of our core team, and meanwhile continue to attract outstanding talents in the industry. Secondly, we continuously optimize investments in product technology to enhance user experience on our app. As a result, both the number of app users and their activity levels are constantly increasing. Although some users may not purchase our products, they continue to use the Fenbi app.

Most importantly, our years of accumulation in data technology has converged with a new technological revolution − AI. In May 2024, Fenbi launched an AI written test product, which received positive user feedback. At the end of 2024, we launched the AI teacher one-on-one interview review, leading to a surge in the number of trial users and widespread acclaim. Before DeepSeek became a sensation, our technological development team has already been using it to enhance efficiency, reduce costs, and significantly unleash productivity. For Fenbi, AI is no longer just a concept but a powerful driver of productivity.

However, we are also well aware that AI cannot replace all services. Good AI technology must be deeply integrated with industry-specific data and experience to enhance service precision. In light of the rapid evolution of large models, small models in vertical fields must evolve faster and more accurately than large models within their own domains for AI products to be valuable. We must continuously increase our investment in products, technology, and computing power to ensure that our AI products maintain absolute leadership in the industry. At the same time, our traditional strengths in high-quality teaching research and thoughtful services must be preserved and continually upheld.

Advanced technology, high-quality content, and meticulous service are the cornerstones supporting Fenbi's development. Over the past decade, we have relied on these three foundations to navigate various challenges and achieve steady development. In the next ten years, we will continue to build upon these three foundations to maintain an eager attitude, grow in an orderly and stable manner, and strive to make our Company a healthy and sustainable enterprise.

FINANCIAL REVIEW

Revenue

Our revenue decreased by 7.7% from RMB3,021.3 million in 2023 to RMB2,789.8 million in 2024. The following table sets forth a breakdown of our revenue, both in absolute amount and as a percentage of total revenue, by business line for the years indicated.

	Year ended December 31,			
	2024		2023	
	RMB'000	*%*	*RMB'000*	*%*
Tutoring services	**2,340,790**	**83.9**	2,514,526	83.2
Sales of books	**448,991**	**16.1**	506,792	16.8
Total	**2,789,781**	**100.0**	3,021,318	100.0

- *Tutoring services.* Our revenue generated from tutoring services decreased by 6.9% from RMB2,514.5 million in 2023 to RMB2,340.8 million in 2024, primarily due to the intensifying competition in the recruitment examination tutoring industry in China, as well as individual teachers from media platforms capturing some of the market shares through low-price competition in the short term, resulting in a decrease in the number of paid enrollment for our large-class tutoring courses from 1.2 million to 0.9 million, representing a decrease of approximately 30%.

- *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 11.4% from RMB506.8 million in 2023 to RMB449.0 million in 2024, primarily due to the change in policy for teacher qualification examination and the overlap in schedules between the public institution employees examination and the written test for civil servants examination, leading to a decrease of 13% in book orders.

Cost of revenue

Our cost of revenue decreased by 8.7% from RMB1,451.5 million in 2023 to RMB1,325.8 million in 2024, primarily due to the following:

- *Tutoring services.* Our cost of revenue related to tutoring services decreased by 8.2% from RMB1,120.7 million in 2023 to RMB1,029.3 million in 2024, largely in line with the decrease in revenue generated from such business segment.

- *Sales of books.* Our cost of revenue related to sales of books decreased by 10.4% from RMB330.8 million in 2023 to RMB296.5 million in 2024, largely in line with the decrease in revenue generated from such business segment.

Gross profit and gross profit margin

Our gross profit decreased by 6.7% from RMB1,569.8 million in 2023 to RMB1,464.0 million in 2024, and the corresponding gross profit margin increased from 52.0% to 52.5%. The following table sets forth a breakdown of our gross profit and gross profit margin by business line for the years indicated.

	Year ended December 31,			
	2024		2023	
	Gross profit *RMB'000*	**Gross profit margin** *%*	Gross profit *RMB'000*	Gross profit margin *%*
Tutoring services	**1,311,510**	**56.0**	1,393,854	55.4
Sales of books	**152,468**	**34.0**	175,969	34.7
Total	**1,463,978**	**52.5**	1,569,823	52.0

- *Tutoring services.* Our gross profit margin for tutoring services remained relatively stable at 55.4% in 2023 and 56.0% in 2024, respectively.

- *Sales of books.* Our gross profit margin for sales of books remained relatively stable at 34.7% in 2023 and 34.0% in 2024, respectively.

Administrative expenses

Our administrative expenses decreased by 12.7% from RMB471.5 million in 2023 to RMB411.4 million in 2024, primarily due to a decrease in share-based payments towards administrative personnel of RMB61.3 million.

Selling and marketing expenses

Our selling and marketing expenses decreased by 6.4% from RMB673.9 million in 2023 to RMB630.9 million in 2024, primarily due to a decrease in share-based payments and bonus towards marketing personnel.

Research and development expenses

Our research and development expenses decreased by 12.0% from RMB251.4 million in 2023 to RMB221.1 million in 2024, primarily due to a decrease in share-based payments towards research and development personnel of RMB40.2 million, which was partly offset by an increase in employee expenses of RMB12.8 million driven by the increased number of AI research and development personnel.

Net impairment losses on financial assets

Our net impairment losses on financial assets decreased from RMB3.2 million in 2023 to RMB0.2 million in 2024, primarily because of the provision for default for the entire amount of financial assets expected to be unrecoverable in 2023, which was absent in 2024.

Other income

Our other income decreased by 23.3% from RMB28.9 million in 2023 to RMB22.2 million in 2024, primarily due to decreases in (1) value-added tax reduction as a result of adjustment of taxation policies in certain regions, and (2) government grants.

Other gains/(losses), net

We recorded other gains, net of RMB4.7 million in 2024, as compared to other losses, net of RMB17.8 million in 2023, primarily due to our strengthening of foreign exchange management, resulting in a decrease of net foreign exchange losses.

Finance income, net

Our finance income, net increased by 20.8% from RMB28.8 million in 2023 to RMB34.8 million in 2024, primarily due to our adjustment of asset management structure, resulting in a decrease of net foreign exchange losses.

Profit before income tax

As a result of the foregoing, we recorded profit before income tax of RMB205.0 million in 2023 and RMB262.0 million in 2024,

Income tax expense

Our income tax expense increased by 37.1% from RMB16.4 million in 2023 to RMB22.5 million in 2024, primarily due to the additional deferred income tax for provision in advance for attribution of profit of our subsidiaries in mainland China to our subsidiaries in Hong Kong in 2024.

Profit for the year

As a result of the foregoing, we recorded net profit of RMB188.6 million and RMB239.6 million in 2023 and 2024, respectively, representing net profit margin of 6.2% and 8.6%, respectively.

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 year 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 year presented to the most directly comparable financial measure calculated and presented under IFRS.

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Profit for the year	**239,570**	188,566
Add:		
Share-based payments	**122,962**	251,711
Fair value losses of financial liabilities at fair value through profit or loss	**–**	4,853
Adjusted net profit (non-IFRS measure)	**362,532**	445,130

Property, plant and equipment

Our property, plant and equipment consisted of machinery, electronic equipment, motor vehicles, furniture, fittings and equipment, construction-in-progress, and leasehold improvements. Our property, plant and equipment decreased from RMB124.1 million as of December 31, 2023 to RMB80.6 million as of December 31, 2024, primarily due to a decrease in machinery and leasehold improvements by RMB32.8 million due to disposal of a subsidiary, Sichuan Lancai Shumei Technology Co., Ltd. (四川藍彩書美科技有限公司) ("**Sichuan Lancai**"), in May 2024.

Right-of-use assets

Our right-of-use assets primarily consisted of office premises for our offline operations and classroom-based tutoring venues under long-term leases. Our right-of-use assets decreased from RMB116.2 million as of December 31, 2023 to RMB91.5 million as of December 31, 2024, primarily due to a decrease in rent and routine depreciation after the change of lease for the site of Shandong Lancai Tianxia Education Technology Co., Ltd. (山東藍彩天下教育科技有限公司) ("**Shandong Lancai**").

Prepayments and other receivables

Our prepayment and other receivables primarily consisted of prepayment paid, security deposits and external borrowings to our suppliers in our daily operations, such as landlords and property management service providers in connection with the leased properties for our classroom-based tutoring, as well as paper suppliers. Our prepayment and other receivables increased from RMB78.9 million as of December 31, 2023 to RMB129.3 million as of December 31, 2024, primarily due to the disposal of Sichuan Lancai in May 2024, resulting in the reclassification of the original intra-group borrowing of RMB34.2 million to external borrowings.

Inventories

Our inventories primarily consisted of finished goods, raw materials and work in progress primarily in connection with our sales of textbooks and learning materials. Our inventories increased from RMB61.0 million as of December 31, 2023 to RMB77.0 million as of December 31, 2024, primarily due to the increases in finished goods and work in progress arising from early stocking.

Trade receivables

Our trade receivables primarily consisted of amounts due from third-party book sellers for our textbooks and learning materials. We generally grant third-party book sellers a credit period of no more than 60 days. Our trade receivables decreased from RMB31.1 million as of December 31, 2023 to RMB20.6 million as of December 31, 2024, primarily due to the enhanced management of receivables.

Financial assets at fair value through profit or loss

Our financial assets at fair value through profit or loss primarily consisted of our investments in wealth management products. Our financial assets at fair value through profit or loss decreased from RMB195.2 million as of December 31, 2023 to RMB123.8 million as of December 31, 2024, primarily due to redemption of more financial products at the end of the period, and adjustment to the portfolio that led to a decrease in tradable financial assets and an increase in demand bank deposits.

Trade and other payables

Our trade and other payables primarily consisted of trade payables, accrued salaries and bonus and tax payables. Our trade and other payables decreased from RMB333.5 million as of December 31, 2023 to RMB232.7 million as of December 31, 2024, primarily due to a significant decrease in staff incentive expenses in 2024.

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 decreased from RMB38.9 million as of December 31, 2023 to RMB12.8 million as of December 31, 2024, primarily because we adjusted our business development strategy, resulting in decreasing provision of written and interview tests combined contractual classes.

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 decreased from RMB149.5 million as of December 31, 2023 to RMB140.4 million as of December 31, 2024, primarily due to the intensifying competition in the recruitment examination tutoring industry in China, resulting in a decrease in the enrollments of our large-class courses.

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 RMB173.5 million as of December 31, 2024, primarily because we adjusted our business development strategy, resulting in further reduction in the proportion of course fees of contractual classes that are subject to no-pass refund.

Liquidity and capital resources

In 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 approximately RMB1,048.6 million as of December 31, 2023 to approximately RMB830.1 million as of December 31, 2024, primarily due to the increase of capital for share repurchases in 2024.

Cash and cash equivalents

Our cash and cash equivalents primarily consisted of bank deposits on demand. Our cash and cash equivalents increased from RMB671.5 million as of December 31, 2023 to RMB946.0 million as of December 31, 2024, primarily due to adjustment to investment portfolio, which led to an increase in bank deposits on demand.

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

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Net cash generated from operating activities	**290,958**	587,839
Net cash generated from/(used in) investing activities	**469,446**	(911,537)
Net cash used in financing activities	**(498,660)**	(74,496)
Net increase/(decrease) in cash and cash equivalents	**261,744**	(398,194)
Cash and cash equivalents at beginning of the year	**671,530**	1,047,402
Exchange difference	**12,679**	22,322
Cash and cash equivalents at the end of the year	**945,953**	671,530

Net cash generated from generated from operating activities

Our cash generated from operating activities was primarily related to course fees, which were typically paid in advance prior to the beginning of relevant courses, and to a lesser extent, the sales of in-house developed textbooks and learning materials. In 2024, our net cash generated from operating activities was RMB291.0 million, primarily attributable to our profit before tax of RMB262.0 million, adjusted for (1) certain non-cash and non-operating items, primarily including non-cash employee benefits expense in relation to share-based payments of RMB123.0 million, depreciation of right-of-use assets of RMB52.0 million and depreciation of property, plant and equipment of RMB23.8 million, partially offset by finance income, net of RMB34.8 million and fair value gains on financial assets at fair value through profit or loss of RMB10.5 million, and (2) changes in working capital that negatively affected the cash flow, primarily including a decrease in trade and other payables of RMB102.6 million and a decrease in refund liabilities of RMB53.6 million.

Net cash generated from investing activities

Our cash generated from investing activities was primarily related to purchase and redemption of financial assets and construction of long-term assets. In 2024, our net cash generated from investing activities was RMB469.4 million, primarily attributable to the redemption of financial assets at fair value through profit or loss of RMB1,153.7 million and redemption of term deposits with initial term of over three months of RMB1,010.2 million, partially offset by purchases of financial assets at fair value through profit or loss of RMB1,077.4 million and purchase of term deposits with initial term of over three months of RMB623.1 million.

Net cash used in financing activities

Our cash used in financing activities was primarily related to lease payments and repurchase of treasury shares. In 2024, our net cash used in financing activities was RMB498.7 million, primarily attributable to repurchase of treasury shares of RMB444.0 million and principal elements of lease payments of RMB54.7 million.

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 RMB2.2 million in 2024 as finance costs and other losses, net, as compared to RMB28.1 million in 2023.

In addition, in 2024, we recorded exchange differences on translation of RMB17.1 million as other comprehensive income, as compared to RMB34.5 million as other comprehensive income in 2023, primarily due to the decrease in asset denominated in foreign currency and the exchange rate fluctuations.

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

In 2024, our total capital expenditure amounted to approximately RMB18.3 million, compared to RMB56.3 million in 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 in 2024.

Capital commitments

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

Contingent liabilities

As of December 31, 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

During the Reporting Period, 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 of the Company dated December 23, 2022 (the "**Prospectus**") and this announcement, we did not have other substantial future plans for material investments and capital assets.

Charge on Group's assets

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

Borrowings and gearing ratio

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

Principal Risks and Uncertainties

A number of factors may affect the results and business operations of our Group, some of which are inherent to our business and some are affected by the external environment, including primarily the following.

Demand for Career Test Preparation Services in China

Our business has benefited from the increasing demand for career test preparation services in China, which has been, and will continue to be, driven by a number of factors, including favorable government policies, technological innovation, service upgrade, intensified competition in the relevant job market, and trend toward online-merge-offline integration. Changes in these factors, especially changes in the recruitment plans and procedures of government-sponsored positions and the PRC laws and regulations regarding career test preparation, would have a significant effect on the demand for our tutoring services, and in turn, our business and prospects. Our ability to anticipate and respond to evolving industry trends and market demands will have a significant impact on our future performance.

Seasonality

The timing at which students purchase our tutoring courses and learning products is subject to seasonal fluctuations in relation to the examination cycle. For example, the written tests of the National Civil Servants Examination are normally held in November or December of a year, and the corresponding interview tests are normally held in February or March of the following year. As for the Regional Civil Servants Examination, the written tests and the interview tests (following the announcement of the written test results) are normally held in the first half of a year. The timing at which students submit refund requests is also subject to the release schedule of the examination results, and typically follows the release of the results. The movement of our refund liabilities and liquidity position may, accordingly, be subject to seasonal fluctuations. As a result, our operating and financial metrics for an interim period may not be representative of our overall performance. Changes in seasonal trends may cause fluctuations in our results of operations and financial condition.

Level of Paid Enrollments and Course Fees

Our results of operations depend substantially on the paid enrollments of our tutoring courses and products. The level of our paid enrollments depends on a number of factors, including primarily the perceived quality and effectiveness of our services. We believe that our in-house developed, well-designed curricula and learning materials and high-caliber teaching staff are critical in attracting students and driving word-of-mouth referrals. We will continue to leverage our online learning toolkits and products and promotional courses to expand our user base in a cost-effective manner. However, an increase in the promotional course offerings to generate user traffic and grow user base may not result in an immediate and proportional growth in our revenue in the same period, due to the low level of course fees we charge for such courses as a marketing strategy. We may from time to time adjust our marketing strategies to compete more effectively. Furthermore, we believe that our paid enrollments will be driven by our ability to expand our course offerings and capture cross-selling and up-selling opportunities among our broad student base.

Our results of operations are also affected by the level of course fees that we can charge our students. We generally determine the course fees based on various factors, including subject matter, examination cycle, level of sophistication of the course, course coverage, add-on services and competition. We were generally able to sustain the course fee level of each type of course and for each examination subject during the Reporting Period. As we continue to reinforce our market leadership and enhance the coverage and quality of our course offerings, we may adjust our pricing strategy from time to time accordingly. Any future changes in the offering of courses at different fee levels would affect our overall results of operations and financial condition.

Change in Service Offering Mix

We generated revenue primarily from the provision of tutoring services, and to a lesser extent, from the sales of in-house developed textbooks and learning materials. Our service offering mix affects our results of operations, especially our overall profit margin. The profit margins vary across our different business lines. Any future change in our service offering mix or change in profit margin of any business line may have a corresponding impact on our overall gross profit margin.

In addition, our formal courses can be classified as non-contractual classes and contractual classes from revenue recognition perspective. The course fees for contractual classes are partially or fully refundable if the students complete the classes but fail to pass the examination as specified in our agreement. As a result, although the course fees for contractual classes are generally higher than that for the non-contractual classes of the same course, an increase in our gross billings contributed from the enrollment in contractual classes may not necessarily result in an immediate and proportional growth in our revenue during the same period. After the examination results are released, we will have to refund the course fees upon the completion of review of valid refund requests from our students. As the actual refund requests may differ from our initial estimation, we may have to reverse revenue previously recognized or recognize additional revenue. We may also experience fluctuation in our liquidity position due to these refund requests in a certain period. As a result, changes in the proportion of our contractual classes may affect our financial position due to the relevant accounting treatment.

Ability to Control Cost and Expenses

Our ability to effectively control our cost and expenses while achieving expected business growth is critical to our profitability. A significant component of our cost of sales and operating expenses is employee benefit expenses.

Employee benefit expenses recorded as cost of sales were incurred for our teaching team, and to a lesser extent, our employees involved in the production of our textbooks and learning materials. We plan to improve the utilization of our teaching staff by increasing the number of students each teaching staff serves and the number of their teaching hours without compromising the teaching quality and the learning experience for our students.

We also expect to improve our operational efficiency with accumulated operational experience. As such, we expect to manage our cost and expenses more effectively.

Our Technology and Infrastructure

We are a market leader in China's career test preparation industry with proprietary technology infrastructure. Historically, we made significant investment in our R&D activities as we continued to improve our technology infrastructure and expand and upgrade our portfolio of online learning toolkits and products. We believe that our continued investments in technological development have enabled us to provide effective learning experience to our students and improve our own operational efficiency. Our future success depends on the development and application of advanced technologies to continuously enhance the learning experience for our students and achieve greater online-merge-offline synergy. To that end, we intend to devote more resources to our technological development. We also intend to continue to maintain, upgrade and expand our technological infrastructure to better serve our growing student base. These initiatives may increase our research and development expenses and impact our results of operations. We expect that our strategic focus on technological capability will continue to create entry barriers and enhance our market leadership, which in turn will enable us to achieve sustainable business growth.

Key financial indicators

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

	As of/for the year ended December 31,	
	2024	2023
Profitability ratios		
Gross profit margin[(1)]	**52.5%**	52.0%
Net profit margin[(2)]	**8.6%**	6.2%
Adjusted net profit margin (non-IFRS measure)[(3)]	**13.0%**	14.7%
Liquidity ratios		
Current ratio[(4)]	**2.3**	2.3
Quick ratio[(5)]	**2.2**	2.3

(1) The calculation of gross profit margin is based on gross profit divided by revenue for the year indicated and multiplied by 100%.

(2) The calculation of net profit margin is based on profit for the year divided by revenue for the respective year and multiplied by 100%.

(3) The calculation of adjusted net profit margin (non-IFRS measure) is based on adjusted net profit divided by revenue for the respective year and multiplied by 100%.

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

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

OTHER INFORMATION

Use of Proceeds from the Global Offering

The ordinary shares of the Company (the "**Shares**") were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on January 9, 2023 (the "**Listing Date**"), 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 of the Company (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 December 31, 2024**
	Amount HK$ in million HK$	*Amount HK$ in million HK$*	*Amount HK$ in million HK$*	*Amount HK$ in million HK$*
Enriching our course offerings and expanding our student base	58.9	55.9	8.7	47.2
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	–
Total	113.2	89.0	28.2	60.8

Employees

As of December 31, 2024, the Group had 7,177 full-time employees, as compared to approximately 7,325 full-time employees as of December 31, 2023. The Group incurred a total staff cost (including Directors' emoluments), which primarily consisted of wages, salaries, bonuses, pension and other social security costs, and other employee welfares including share-based payments, in the amount of approximately RMB1,368.1 million for the Reporting Period.

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 "**Pre-IPO Share Option Scheme**"), the 2023 restricted share unit 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 Reporting Period, the Company repurchased a total of 65,060,000 Shares at an aggregate consideration of approximately HK$251.2 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 of the Company. 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
July 2024	18,359,500	4.13	3.52	70,450
August 2024	1,825,500	2.85	2.70	5,082
September 2024	9,004,000	2.52	2.26	21,516
Total	65,060,000	4.51	2.26	251,163

65,060,000 Shares repurchased during the Reporting Period were cancelled in 2024 and the issued share capital of the Company was reduced by the nominal value thereof, and no Shares repurchased during the Reporting Period were held as treasury shares (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**")). As of December 31, 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 announcement, the Company has maintained the public float as required under the Listing Rules.

Compliance with Corporate Governance Code

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

The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the "**CG Code**") under Part 2 of Appendix C1 to 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 for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (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.

Final Dividend

The Board has resolved not to recommend payment of any final dividend for the Reporting Period (2023: Nil).

Annual General Meeting (the "AGM")

The AGM will be held on Friday, June 27, 2025. A notice convening the AGM will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.fenbi.com), and will be dispatched (if requested) to the Shareholders in accordance with the requirements of the Listing Rules in due course.

Closure of Register of Members

The record date for determining the entitlement of the Shareholders to attend and vote at the AGM will be Friday, June 27, 2025. For determining the entitlement of Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, June 24, 2025 to Friday, June 27, 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the corresponding share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Monday, June 23, 2025.

Review of Annual Results

As of the date of this announcement, the audit committee of the Company (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 annual results of the Group for the Reporting Period. The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Group and the consolidated financial statements of the Group for the Reporting Period and discussed matters in relation to, among others, risk management, internal control and financial reporting of the Group. The Audit Committee considers that the annual results of the Group are in compliance with the applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

Scope of Work of the Auditor

The figures in respect of the Group's consolidated balance sheet, consolidated statement of profit or loss and consolidated statement of comprehensive income and the related notes thereto for the Reporting Period as set out in this announcement have been agreed by the Company's independent auditor, PricewaterhouseCoopers, based on the amounts set out in the audited consolidated financial statements of the Group for the Reporting Period.

The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

Events after the Reporting Period

On January 24, 2025, (i) Beijing Fenbi Bluesky Technology Co., Ltd. (北京粉筆藍天科技有限公司) ("**Fenbi Bluesky**") (for itself and on behalf of other members of the Group), one of the consolidated affiliated entities of the Company and Tencent Cloud Computing (Beijing) Company Limited (騰訊雲計算(北京)有限責任公司) entered into the cloud services and technical services framework agreement, (ii) Fenbi Bluesky (for itself and on behalf of other members of the Group) and Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司) entered into the payment services framework agreement, and (iii) Shandong Lancai and Beijing Yuanli Education Technology Co., Ltd. (北京猿力教育科技有限公司) (for itself and on behalf of its subsidiaries) entered into the printing services framework agreement to renew the terms of the previous agreements for a period of three years effective from January 1, 2025 and to set respective annual caps. Please refer to "Connected Transactions" in the Prospectus for details of the previous agreements and the announcement of the Company dated January 24, 2025 for details of renewal of the agreements.

Save for the aforementioned, there has been no other significant event since the end of the Reporting Period and up to the date of this announcement that is required to be disclosed by the Company.

PUBLICATION OF 2024 ANNUAL RESULTS ANNOUNCEMENT AND 2024 ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.fenbi.com). The annual report of the Company for the Reporting Period will be dispatched (if requested) to the Shareholders and published on the aforesaid websites in due course.

APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to the Shareholders for their continuous support, our customers, suppliers and business partners for their trust in the Company and our staff and management team for their diligence, dedication, loyalty and integrity.

By order of the Board
Fenbi Ltd.
ZHANG Xiaolong
Chairman

Hong Kong, March 28, 2025

As at the date of this announcement, the Board comprises Mr. ZHANG Xiaolong and Mr. WEI Liang as executive Directors; Mr. LI Xin as non-executive Director; Mr. QIU Dongxiao Larry, Mr. YUEN Kai Yiu Kelvin and Ms. YUAN Jia as independent non-executive Directors.