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Fenbi Ltd.

粉筆有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2469)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2025

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 unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2025 (the “**Reporting Period**”), together with the comparative figures for the six months ended June 30, 2024, which have been reviewed by the audit committee of the Company (the “**Audit Committee**”). The interim results of the Group for the six months ended June 30, 2025 have been reviewed by PricewaterhouseCoopers, the independent auditor of the Company in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information performed by the Independent Auditor of the Entity.”

In this announcement, “we,” “us,” or “Fenbi” refer to the Company and where the context otherwise requires, the Group.

RESULTS HIGHLIGHTS

Financial Results

	Six months ended June 30,	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue	1,491,952	1,630,470
Gross profit	805,748	883,203
Net profit for the period	226,651	277,739
Adjusted net profit (non-IFRS measure) ^{Note}	271,459	349,097

Note: We define adjusted net profit (non-IFRS measure) as profit for the period adjusted by share-based payments.

Operating Information

	As of/for the six months ended June 30, 2025	As of/for the year ended December 31, 2024	As of/for the six months ended June 30, 2024
Employees	7,053	7,177	7,564
Full-time instructors	2,784	3,026	3,145
Other staff	4,269	4,151	4,419
Average monthly active users	9.3 million	9.1 million	9.2 million

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended June 30,	
	Notes	2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	1,491,952	1,630,470
Cost of revenue	4, 6	<u>(686,204)</u>	<u>(747,267)</u>
Gross profit		<u>805,748</u>	<u>883,203</u>
Administrative expenses	6	(182,352)	(197,481)
Selling and marketing expenses	6	(306,263)	(320,311)
Research and development expenses	6	(107,873)	(108,222)
Net impairment losses on financial assets		(2,308)	(1,834)
Other income		8,458	13,578
Other gains, net	5	<u>3,634</u>	<u>1,385</u>
Operating profit		<u>219,044</u>	<u>270,318</u>
Finance income		19,219	20,125
Finance costs		<u>(2,551)</u>	<u>(3,153)</u>
Finance income, net	7	<u>16,668</u>	<u>16,972</u>
Profit before income tax		235,712	287,290
Income tax expense	8	<u>(9,061)</u>	<u>(9,551)</u>
Profit for the period		<u>226,651</u>	<u>277,739</u>
Profit attributable to :			
– Owners of the Company		<u>226,651</u>	<u>277,739</u>
Earnings per share for profit attributable to owners of the Company (RMB)			
Basic earnings per share	9	0.11	0.13
Diluted earnings per share	9	0.10	0.13

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended June 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	<u>226,651</u>	<u>277,739</u>
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss		
– Currency translation differences of the Company's subsidiaries	735	(3,146)
Items that will not be reclassified to profit or loss		
– Currency translation differences of the Company	<u>(4,955)</u>	<u>11,717</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(4,220)</u>	<u>8,571</u>
Total comprehensive income for the period	<u>222,431</u>	<u>286,310</u>
Total comprehensive income for the period attributable to:		
– Owners of the Company	<u>222,431</u>	<u>286,310</u>

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		73,984	80,574
Right-of-use assets		70,857	91,511
Intangible assets		2,696	2,994
Prepayments and other receivables	<i>11</i>	32,460	10,684
Deferred income tax assets	<i>15</i>	38,954	38,970
Term deposits with initial term of over three months		200,098	200,123
Total non-current assets		419,049	424,856
Current assets			
Inventories		65,573	77,042
Trade receivables	<i>10</i>	27,039	20,629
Contract assets	<i>4</i>	61,986	12,806
Prepayments and other receivables	<i>11</i>	158,304	118,650
Financial assets at fair value through profit or loss		196,506	123,756
Other financial assets at amortised cost		56,489	65,474
Cash and cash equivalents		973,552	945,953
Term deposits with initial term of over three months		104,475	87,748
Total current assets		1,643,924	1,452,058
Total assets		2,062,973	1,876,914

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

	Notes	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
Equity			
Equity attributable to owners of the Company			
Share capital	12	149	148
Share premium	12	15,082,328	15,064,115
Other reserves		(9,730,592)	(9,752,966)
Accumulated losses		<u>(3,881,207)</u>	<u>(4,107,858)</u>
Total equity		<u>1,470,678</u>	<u>1,203,439</u>
Liabilities			
Non-current liabilities			
Lease liabilities		23,804	40,859
Deferred income tax liabilities	15	2,253	9,912
Deferred income		<u>–</u>	<u>778</u>
Total non-current liabilities		<u>26,057</u>	<u>51,549</u>
Current liabilities			
Trade and other payables	14	143,857	232,682
Contract liabilities	4	227,762	140,363
Refund liabilities		128,179	173,515
Current income tax liabilities		20,619	25,657
Lease liabilities		<u>45,821</u>	<u>49,709</u>
Total current liabilities		<u>566,238</u>	<u>621,926</u>
Total liabilities		<u>592,295</u>	<u>673,475</u>
Total equity and liabilities		<u>2,062,973</u>	<u>1,876,914</u>

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Notes</i>	Attributable to equity holders of the Company				Total <i>RMB'000</i>
		Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	
Balance at January 1, 2025		148	15,064,115	(9,752,966)	(4,107,858)	1,203,439
Profit for the period		–	–	–	226,651	226,651
Other comprehensive loss		–	–	(4,220)	–	(4,220)
Total comprehensive income for the period		–	–	(4,220)	226,651	222,431
Transactions with owners in their capacity as owners:						
Share-based compensation	13	–	–	44,808	–	44,808
Employee share schemes – exercise of share incentive schemes	12	1	18,213	(18,214)	–	–
Total transactions with owners in their capacity as owners		1	18,213	26,594	–	44,808
Balance at June 30, 2025 (Unaudited)		149	15,082,328	(9,730,592)	(3,881,207)	1,470,678

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY **(Continued)**

	<i>Notes</i>	Attributable to equity holders of the Company				Total <i>RMB'000</i>
		Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	
Balance at January 1, 2024		150	15,104,233	(9,511,560)	(4,325,079)	1,267,744
Profit for the period		–	–	–	277,739	277,739
Other comprehensive income		<u>–</u>	<u>–</u>	<u>8,571</u>	<u>–</u>	<u>8,571</u>
Total comprehensive income for the period		<u>–</u>	<u>–</u>	<u>8,571</u>	<u>277,739</u>	<u>286,310</u>
Transactions with owners in their capacity as owners:						
Share-based compensation	13	–	–	71,358	–	71,358
Employee share schemes – exercise of share options	12	2	114,074	(114,076)	–	–
Purchase of treasury shares		<u>–</u>	<u>–</u>	<u>(355,602)</u>	<u>–</u>	<u>(355,602)</u>
Total transactions with owners in their capacity as owners		<u>2</u>	<u>114,074</u>	<u>(398,320)</u>	<u>–</u>	<u>(284,244)</u>
Balance at June 30, 2024 (Unaudited)		<u>152</u>	<u>15,218,307</u>	<u>(9,901,309)</u>	<u>(4,047,340)</u>	<u>1,269,810</u>

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Notes</i>	Six months ended June 30, 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		218,579	219,627
Interest paid		(1,893)	(2,564)
Interest received		18,334	27,191
Income tax paid		<u>(21,742)</u>	<u>(9,564)</u>
Net cash generated from operating activities		<u>213,278</u>	<u>234,690</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,088)	(6,078)
Purchase of financial assets at fair value through profit or loss		(785,813)	(187,513)
Redemption of financial assets at fair value through profit or loss		723,644	80,995
Prepayments for purchases of financial assets at fair value through profit or loss	11(a)	(50,611)	–
Purchase of other financial assets at amortised cost		–	(181,862)
Prepayments for purchases of other financial assets at amortised cost	11(a)	(35,793)	–
Redemption of other financial assets at amortised cost		10,394	189,197
Purchase of term deposits with initial term of over three months		(103,114)	(536,744)
Redemption of term deposits with initial term of over three months		87,181	802,306
Proceeds from sale of property, plant and equipment		152	374
Net cash outflow for the settlement of derivatives		(1,060)	(2,450)
Net cash outflow from disposal of a subsidiary		–	(1,002)
Repayment of loan to third parties		<u>3,000</u>	<u>–</u>
Net cash (used in)/generated from investing activities		<u>(155,108)</u>	<u>157,223</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	Six months ended June 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Principal elements of lease payments	(26,626)	(22,714)
Repurchase of treasury shares	—	(355,602)
Net cash used in financing activities	<u>(26,626)</u>	<u>(378,316)</u>
Net increase in cash and cash equivalents	31,544	13,597
Cash and cash equivalents at the beginning of the period	945,953	671,530
Exchange differences	<u>(3,945)</u>	<u>4,317</u>
Cash and cash equivalents at the end of the period	<u>973,552</u>	<u>689,444</u>

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

SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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. On May 16, 2025, Mr. LI Xin withdrew from the concert party agreement. Mr. ZHANG Xiaolong, Mr. WEI Liang, Mr. LI Yong and Mr. LI Xin entered into a supplemental agreement to the concert party agreement, pursuant to the supplemental agreement, the concert party arrangement continues to be valid for Mr. ZHANG Xiaolong, Mr. WEI Liang and Mr. LI Yong.

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

2 Basis of preparation and accounting policies

2.1 Basis of preparation

This condensed consolidated interim financial information for the six months ended June 30, 2025 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting”. The interim report does not include all of the notes normally included in annual consolidated financial statements. Accordingly, this report should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2024, which have been prepared in accordance with International Financial Reporting Standards (“**IFRS Accounting Standards**”).

2.2 *Accounting policies*

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

New and amended standards adopted by the Group

The Group has applied the following amendments for the first time from January 1, 2025:

- Lack of Exchangeability – Amendments to IAS 21

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

New standards and interpretations not yet adopted

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

- 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**”). The impact of IFRS 18 should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2024.

3 Estimates

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

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended December 31, 2024.

4 Segment information

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

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

As at June 30, 2025, 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 and others: including books provided with tutoring services, printing business relevant with book selling business and sales of health goods.

As at June 30, 2025, 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, net, finance income, net, income tax expense and assets and liabilities are also not allocated to individual operating segment.

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

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

The segment information provided to the CODM for the reportable segments for the six months ended June 30, 2025 and 2024 were as follows:

	Tutoring services RMB'000	Sales of books and others RMB'000	Total RMB'000
Six months ended June 30, 2025 (Unaudited)			
Segment revenue	1,294,914	260,249	1,555,163
Inter-segment revenue	<u>—</u>	<u>(63,211)</u>	<u>(63,211)</u>
Revenue from external customers	<u>1,294,914</u>	<u>197,038</u>	<u>1,491,952</u>
Cost of revenue (a)	<u>(552,407)</u>	<u>(133,797)</u>	<u>(686,204)</u>
Gross profit	<u><u>742,507</u></u>	<u><u>63,241</u></u>	<u><u>805,748</u></u>

	Tutoring services <i>RMB'000</i>	Sales of books and others <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended June 30, 2024 (Unaudited)			
Segment revenue	1,378,783	335,176	1,713,959
Inter-segment revenue	<u>—</u>	<u>(83,489)</u>	<u>(83,489)</u>
Revenue from external customers	<u>1,378,783</u>	<u>251,687</u>	<u>1,630,470</u>
Cost of revenue (a)	<u>(580,160)</u>	<u>(167,107)</u>	<u>(747,267)</u>
Gross profit	<u><u>798,623</u></u>	<u><u>84,580</u></u>	<u><u>883,203</u></u>

(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 and others, 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 during the six months ended June 30, 2025 was shown in the consolidated statement of profit or loss.

For the six months ended June 30, 2025, the Group's customer base is diversified and none of customer with whom transactions have exceeded 10% of the Group's revenues.

As of June 30, 2025, substantially all of the non-current assets other than deferred income 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 June 30, 2025.

	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
Contract assets relating to certain program	62,550	12,923
Loss allowance	(564)	(117)
Contract assets	<u>61,986</u>	<u>12,806</u>
Contract liabilities	<u>227,762</u>	<u>140,363</u>

(i) Revenue recognised in relation to contract liabilities

	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Contract liabilities	<u>113,980</u>	<u>127,388</u>

(ii) Unsatisfied contracts

The majority of contract liabilities as at June 30, 2025 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 June 30, 2025.

5 Other gains, net

	Six months ended June 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Fair value gains on financial assets at fair value through profit or loss	3,875	5,286
Net fair value losses on derivatives	(1,060)	(2,286)
Net losses on early termination of lease and the disposal of related leasehold improvements	(361)	(489)
Net (losses)/gains on disposal of property, plant and equipment	(438)	3
Donation	(54)	(664)
Net foreign exchange losses	(77)	(1,556)
Others	<u>1,749</u>	<u>1,091</u>
	<u>3,634</u>	<u>1,385</u>

6 Expenses by nature

	Six months ended June 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Employee benefit expenses	670,261	678,418
Cost of course materials	108,526	153,985
Human resource outsourcing and other labour costs	129,590	130,795
Promotion expenses	52,687	68,992
Depreciation of right-of-use assets	26,348	27,136
Logistic expenses	28,308	35,181
Lease expenses	141,801	140,389
Classroom consumables	15,184	14,334
Meal expenses provided to students	10,171	11,964
Travel expenses	18,901	19,313
Office expenses	3,087	3,117
Depreciation of property, plant and equipment	9,075	12,893
Amortisation of intangible assets	298	26
Services fee for cloud storage	11,243	10,848
Property management costs	5,983	6,329
Tax and surcharge	5,361	8,376
Auditor's remuneration		
– Audit and audit related services	1,556	1,785
– Non-audit services	20	991
Charges for licensed payment institutions	8,429	8,495
Others	35,863	39,914
	<u>1,282,692</u>	<u>1,373,281</u>

7 Finance income, net

	Six months ended June 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Finance income:		
– Interest income	<u>19,219</u>	<u>20,125</u>
Finance costs:		
– Finance cost on lease liabilities	(1,893)	(2,564)
– Net foreign exchange losses	<u>(658)</u>	<u>(589)</u>
	<u>(2,551)</u>	<u>(3,153)</u>
Finance income, net	<u><u>16,668</u></u>	<u><u>16,972</u></u>

8 Income tax expense

	Six months ended June 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax	16,704	10,627
Deferred income tax	<u>(7,643)</u>	<u>(1,076)</u>
Income tax expense	<u><u>9,061</u></u>	<u><u>9,551</u></u>

(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 six months ended June 30, 2025 and 2024.

(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%.

The Group does not have any certain plan in the foreseeable future to require its subsidiaries in mainland China to distribute their retained earnings and intends to retain them to operate and expand its business in mainland China. Accordingly, the remaining undistributed earnings of its subsidiaries in mainland China, for which withholding tax is not provided for, amounted to RMB96,180,000 as at June 30, 2025.

9 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing:

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

	Six months ended June 30,	
	2025	2024
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (RMB'000)	226,651	277,739
Weighted average number of ordinary shares in issue (thousands)	<u>2,132,408</u>	<u>2,167,192</u>
Basic earnings per share (RMB)	<u>0.11</u>	<u>0.13</u>

(b) Diluted

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

	Six months ended June 30,	
	2025	2024
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (RMB'000)	226,651	277,739
Weighted average number of ordinary shares in issue (thousands)	<u>2,132,408</u>	<u>2,167,192</u>
Adjustments for:		
– Share options (thousands)	24,047	27,915
– RSUs (thousands)	<u>6,632</u>	<u>7,720</u>
Adjusted weighted average number of ordinary shares for diluted earnings per share (thousands)	<u>2,163,087</u>	<u>2,202,827</u>
Diluted earnings per share (RMB)	<u>0.10</u>	<u>0.13</u>

10 Trade receivables

	June 30, 2025 <i>RMB'000</i> (Unaudited)	December 31, 2024 <i>RMB'000</i> (Audited)
Trade receivables from contracts with customers		
– Third parties	26,859	20,904
– Related parties	576	–
Loss allowance	<u>(396)</u>	<u>(275)</u>
	<u>27,039</u>	<u>20,629</u>

- (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 ranging from 30 to 90 days.

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

	June 30, 2025 <i>RMB'000</i> (Unaudited)	December 31, 2024 <i>RMB'000</i> (Audited)
Up to 3 months	22,139	15,700
3 to 6 months	1,694	1,598
6 to 12 months	54	217
More than 1 year	<u>3,548</u>	<u>3,389</u>
	<u>27,435</u>	<u>20,904</u>

11 Prepayments and other receivables

	<i>Notes</i>	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
Non-current portion:			
Loan to third parties		27,919	–
Prepayments for property, plant and equipment		291	292
Deposits receivable		6,539	10,506
Loss allowance		(2,289)	(114)
		32,460	10,684
Current portion:			
Prepayments for financial products	(a)	86,404	–
Loan to third parties		3,882	34,217
Advances to suppliers		27,378	24,008
Deposits receivable		15,231	12,870
Input VAT recoverable		8,544	19,926
Amounts due from related parties		1,607	2,378
Receivables from redemption of financial products		–	7,355
Others		15,855	18,828
Loss allowance		(597)	(932)
		158,304	118,650
		190,764	129,334

- (a) In May 2025, the Company prepaid USD5,000,000 (equivalent to RMB35,793,000) to a third party institution for the purchase of financial assets measured at amortised cost. In June 2025, the Company prepaid USD7,070,000 (equivalent to RMB50,611,000) to a third party institution for the purchase of wealth management products. The above transaction were subsequently completed in July 2025.

12 Share capital and Share premium

Company

Authorised:			Number of ordinary shares	Nominal value of ordinary shares USD'000	
As at January 1, 2025 and June 30, 2025 (Unaudited)			5,000,000,000	50	
Issued:	Number of ordinary shares (Thousands)	Nominal value of ordinary shares USD	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total share capital and share premium RMB'000
As at January 1, 2024	2,281,381	22,814	150	15,104,233	15,104,383
Add:					
Employee share schemes – exercise of share options	11,248	112	2	114,074	114,076
As at June 30, 2024 (Unaudited)	2,292,629	22,926	152	15,218,307	15,218,459
As at January 1, 2025	2,229,681	22,297	148	15,064,115	15,064,263
Add:					
Employee share schemes – exercise of share incentive schemes	3,999	40	1	18,213	18,214
As at June 30, 2025 (Unaudited)	2,233,680	22,337	149	15,082,328	15,082,477

13 Share-based payments

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

(a) The Pre-IPO Share Option Scheme

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

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

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

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

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

	Number of share options
Outstanding as at January 1, 2025	34,517,810
Forfeited during the period	(30,000)
Exercised during the period	<u>(6,244,550)</u>
Outstanding as at June 30, 2025 (Unaudited)	28,243,260
– Exercisable as at June 30, 2025	<u><u>20,584,973</u></u>
Outstanding as at January 1, 2024	75,326,760
Forfeited during the period	(115,000)
Exercised during the period	<u>(25,948,890)</u>
Outstanding as at June 30, 2024 (Unaudited)	49,262,870
– Exercisable as at June 30, 2024	<u><u>38,172,323</u></u>

The weighted-average remaining contract life for outstanding share options were 5.59 years as of six months ended June 30, 2025 (2024: 6.59 years).

(ii) *Fair value of share options granted*

As the exercise price of share option is nil, the fair value of share options is developed based on the spot price of the ordinary shares. The Group used the discounted cash flow method to determine the underlying equity fair value of the Group. During the six months ended June 30, 2025 and 2024, there were no grants related to the Pre-IPO Share Option Scheme.

(b) *The 2023 Share Incentive Schemes*

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

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

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

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

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

On April 1, 2025, the Group granted a total of 20,600,000 RSUs, representing an aggregate of 20,600,000 shares, to 182 employees of the Group under the 2023 Restricted Share Unit Scheme at a nil consideration, subject to the acceptance by the grantee. The closing price of the shares on this grant date was HK\$2.51 (equivalent to RMB2.32) per share.

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

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

During the six months ended June 30, 2025 and 2024, there were no grants related to the 2023 Share Option Scheme.

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

	Number of RSUs
Outstanding as at January 1, 2025	25,460,950
Granted during the period	20,600,000
Exercised during the period	(11,554,050)
Forfeited during the period	<u>(269,500)</u>
Outstanding as at June 30, 2025 (Unaudited)	34,237,400
– Vested and exercisable as at June 30, 2025	<u><u>13,375</u></u>
Outstanding as at January 1, 2024	866,000
Granted during the period	31,600,000
Forfeited during the period	<u>(484,625)</u>
Outstanding as at June 30, 2024 (Unaudited)	31,981,375
– Vested and exercisable as at June 30, 2024	<u><u>5,941,875</u></u>

(c) Expenses arising from share-based payment transactions

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

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Options issued under the Pre-IPO Share Option Scheme	10,574	27,715
Shares issued under the 2023 Restricted Share Unit Scheme	34,234	43,643
	44,808	71,358

14 Trade and other payables

	June 30,	December 31,
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade payables	18,067	34,559
Accrued salaries, bonus and welfares	76,628	155,650
Tax payable (other than income tax payable)	38,966	30,384
Accrued auditor's remuneration	1,556	2,678
Others	8,640	9,411
	143,857	232,682

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

	June 30, 2025 <i>RMB'000</i> (Unaudited)	December 31, 2024 <i>RMB'000</i> (Audited)
Within 1 year	17,840	34,378
More than 1 year	<u>227</u>	<u>181</u>
	<u>18,067</u>	<u>34,559</u>

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

15 Deferred income tax balance

The deferred income tax assets and liabilities balance as at June 30, 2025 and December 31, 2024 were as follows:

	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
Deferred income tax assets:		
to be recovered after more than 12 months	26,685	28,558
to be recovered within 12 months	<u>27,412</u>	<u>29,627</u>
Total deferred income tax assets	<u>54,097</u>	<u>58,185</u>
Set-off of deferred income tax liabilities pursuant to set-off provisions	<u>(15,143)</u>	<u>(19,215)</u>
Net deferred income tax assets	<u>38,954</u>	<u>38,970</u>
Deferred income tax liabilities:		
to be recovered after more than 12 months	(7,076)	(9,289)
to be recovered within 12 months	<u>(10,320)</u>	<u>(19,838)</u>
Total deferred income tax liabilities	<u>(17,396)</u>	<u>(29,127)</u>
Set-off of deferred income tax liabilities pursuant to set-off provisions	<u>15,143</u>	<u>19,215</u>
Net deferred income tax liabilities	<u>(2,253)</u>	<u>(9,912)</u>

16 Dividends

The Board did not propose an interim dividend for the six months ended June 30, 2025 (six months ended June 30, 2024: nil).

17 Commitments

As at June 30, 2025 and December 31, 2024, the Group did not have any significant capital commitments.

18 Contingencies

As at June 30, 2025 and December 31, 2024, the Group did not have any significant contingent liabilities.

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 tutorial videos for 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 and RMB70, based on the benefits and duration of the membership. The challenge exercises are generally priced between RMB99 and 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. During the six months ended June 30, 2025, revenue generated from the online learning products amounted to approximately RMB46.9 million.

- Large-class tutoring courses.** Traditional 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 and RMB1,280. During the six months ended June 30, 2025, revenue generated from the large-class tutoring courses amounted to approximately RMB192.8 million.

AI-empowered large-class courses. In April 2025, we launched the industry’s first innovative AI-empowered Large-Class Course — AI-empowered Exam Drilling System Class (AI 刷題系統班), priced at RMB399. Unlike traditional large-class courses, the AI-empowered Exam Drilling System Class offers students the following unique learning experiences: 1. real-time data capture — AI model analyzes each student’s learning data to make scientific plans and dynamic adjustments over the student’s learning path; 2. timely customized learning tasks — through AI model’s analysis, the AI-empowered Exam Drilling System Class precisely matches students with necessary live or recorded courses, transcending the rigid class formats of traditional models; and 3. dynamic adjustments of learning plans — AI model precisely recommends the most helpful exercises and various learning tasks to the students for achieving efficient drilling exercises. As of June 30, 2025, the sales of the AI-empowered Exam Drilling Class had reached approximately 50,000 enrollments, generating revenue of approximately RMB20 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 the full data records for students’ learning paths and provides real-time feedback on their weaknesses, significantly enhancing the teaching efficiency of teachers. During the six months ended June 30, 2025, revenue generated from the above small-class tutoring sessions amounted to approximately RMB1,032.5 million.
- Other tutoring courses.** Other tutoring courses include special tutoring courses and promotional courses. During the six months ended June 30, 2025, revenue generated from other tutoring courses amounted to approximately RMB22.7 million.

OUTLOOK

The number of candidates for recruitment examinations for public institutions has increased year by year, driving strong growth in the demand for the relevant training. Like all the internet users, a vast majority of exam candidates prefer training services with affordable prices and good quality. Before the advent of AI technology, such high cost-effectiveness was mainly achieved through the mobile internet, which has enabled the online business of Fenbi to thrive in the wave of mobile internet development.

The mobile internet has significantly improved the learning efficiency at the group level among students. However, with the application of AI technology, the learning efficiency will be further enhanced at the individual level through personalized customization. With the assistance of AI technology, the learning efficiency would reach a new height beyond the current levels. Accordingly, the product efficiency and operational efficiency of training institutions will also be elevated to another dimension.

Since its establishment more than a decade ago, Fenbi has accumulated extensive online data in the industry and developed first-class capabilities for technological development. At the same time, we believe that the ability to rapidly commercialize is almost as important as technical capability. By leveraging the AI technology to strategically enter the market, testing the products in the market and collecting the constructive feedback from subscribed users to refine and rapidly iterate the products, we thereby gain an excellent reputation and get in on the ground floor in the AI era.

We have developed the first AI vertical model specializing on recruitment examinations and have applied it to commercial use; with years of unique experience of content and product development, the Company has successively launched products for intelligent teaching based on the AI vertical model since 2024, such as Fenbi AI Teacher (粉筆AI老師), AI Interview Evaluation (AI面試點評) and AI-empowered Exam Drilling System Class (AI刷題系統班). In particular, the industry's first innovative AI-empowered Large-Class Course — AI-empowered Exam Drilling System Class (AI刷題系統班) — was launched in April 2025. Ever since its launch, it has demonstrated the strong capability for market penetration which is different from the traditional large-class online courses. Leveraging its unique analytical capability of the AI technology, AI-empowered Large-Class Course significantly enhances students' learning efficiency while optimizing the Company's resource utilization efficiency. Compared to the live class content provided by traditional large-class courses, AI-empowered Large-Class Course offers more efficient learning solutions based on data. As of June 30, 2025, the sales of the AI-empowered Exam Drilling Class had reached approximately 50,000 enrollments, generating revenue of approximately RMB20 million.

Compared to traditional large-class courses, the AI-empowered Exam Drilling System Class has distinctive features such as lower prices, stronger personalization for learning, higher efficiency, greater profit margins, and greater protection against piracy issues, thus significantly increasing the repurchase rate of courses for the candidate who take the examinations with multiple attempts. The Company has been accelerating the development and deployment of an AI-empowered course product matrix for the phases of written examination, aiming to expand its market share in a quick way through a new AI-empowered large-class course product system.

In relation to interviews, the Company has also launched a function of AI interview evaluation based on the aforementioned AI vertical models, offering students a new practice method for online interviews empowered by AI technology: AI models analyze the strengths, weaknesses, and room for improvement of students' interview responses based on uploaded video recordings, generate interview scores, and produce customized model answers, significantly boosting students' practice efficiency during the interview sessions. The market for traditional training of interview has the basic features of high average order value, students' strong willingness to pay and intense practice demand from students. By offering extremely compelling cost effectiveness with a price significantly lower than mainstream interview class products, the AI interview evaluation practice tools are expected to gain market share. The Company will gradually upgrade its AI interview evaluation products to facilitate the growth of AI interview business.

The Company will leverage its market experience to continuously upgrade and improve its AI-empowered course product matrix, as the AI technology will profoundly transform the education industry. A new industrial revolution is knocking at the door, embracing AI, embracing the future.

FINANCIAL REVIEW

Revenue

Our revenue decreased by 8.5% from RMB1,630.5 million for the six months ended June 30, 2024 to RMB1,492.0 million for the six months ended June 30, 2025. The following table sets forth a breakdown of our revenue, both in absolute amounts and as a percentage of total revenue, by business line for the periods indicated.

	Six months ended June 30,			
	2025		2024	
	<i>RMB'000</i> (Unaudited)	<i>%</i>	<i>RMB'000</i> (Unaudited)	<i>%</i>
Tutoring services	1,294,914	86.8	1,378,783	84.6
Sales of books and others	197,038	13.2	251,687	15.4
Total	<u>1,491,952</u>	<u>100.0</u>	<u>1,630,470</u>	<u>100.0</u>

- *Tutoring services.* Our revenue generated from tutoring services decreased by 6.1% from RMB1,378.8 million for the six months ended June 30, 2024 to RMB1,294.9 million for the six months ended June 30, 2025, as the competition of the recruitment examination tutoring industry in China remains intense in the short term, leading to a decrease in the revenue generated from tutoring services.
- *Sales of books and others.* Revenue generated from sales of books and others was mainly 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 and others decreased by 21.7% from RMB251.7 million for the six months ended June 30, 2024 to RMB197.0 million for the six months ended June 30, 2025, primarily due to the intensifying market competition.

Cost of revenue

Our cost of revenue decreased by 8.2% from RMB747.3 million for the six months ended June 30, 2024 to RMB686.2 million for the six months ended June 30, 2025 for the following reasons.

- *Tutoring services.* Our cost of revenue related to tutoring services decreased by 4.8% from RMB580.2 million for the six months ended June 30, 2024 to RMB552.4 million for the six months ended June 30, 2025, in line with the decrease in revenue generated from tutoring services.
- *Sales of books and others.* Our cost of revenue related to sales of books and others decreased by 19.9% from RMB167.1 million for the six months ended June 30, 2024 to RMB133.8 million for the six months ended June 30, 2025, in line with the decrease in revenue generated from sales of books.

Gross profit and gross profit margin

Our gross profit decreased by 8.8% from RMB883.2 million for the six months ended June 30, 2024 to RMB805.7 million for the six months ended June 30, 2025, and the corresponding gross profit margin decreased from 54.2% to 54.0%. The following table sets forth a breakdown of our gross profit and gross profit margin by business line for the periods indicated.

	Six months ended June 30,			
	2025		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
	(Unaudited)		(Unaudited)	
Tutoring services	742,507	57.3	798,623	57.9
Sales of books and others	63,241	32.1	84,580	33.6
Total	805,748	54.0	883,203	54.2

- *Tutoring services.* Our gross profit margin for tutoring services remained relatively stable at 57.9% and 57.3% for the six months ended June 30, 2024 and 2025, respectively.
- *Sales of books and others.* Our gross profit margin for sales of books remained relatively stable at 33.6% and 32.1% for the six months ended June 30, 2024 and 2025, respectively.

Administrative expenses

Our administrative expenses decreased by 7.7% from RMB197.5 million for the six months ended June 30, 2024 to RMB182.4 million for the six months ended June 30, 2025, primarily due to a decrease in share-based payments towards administrative personnel.

Selling and marketing expenses

Our selling and marketing expenses decreased by 4.4% from RMB320.3 million for the six months ended June 30, 2024 to RMB306.3 million for the six months ended June 30, 2025, primarily because we reduced our advertisement placement.

Research and development expenses

Our research and development expenses decreased by 0.3% from RMB108.2 million for the six months ended June 30, 2024 to RMB107.9 million for the six months ended June 30, 2025, which remained relatively stable.

Net impairment losses on financial assets

Our net impairment losses on financial assets increased by 27.8% from RMB1.8 million for the six months ended June 30, 2024 to RMB2.3 million for the six months ended June 30, 2025, primarily due to the impairment provisions for other receivables.

Other income

Our other income decreased by 37.7% from RMB13.6 million for the six months ended June 30, 2024 to RMB8.5 million for the six months ended June 30, 2025, primarily due to a reduction in the government grants.

Other gains, net

Our other gains, net increased from RMB1.4 million for the six months ended June 30, 2024 to RMB3.6 million for the six months ended June 30, 2025, primarily due to a decrease in net foreign exchange losses and a decrease in net fair value losses on derivatives.

Finance income, net

Our finance income, net remained relatively stable at RMB17.0 million and RMB16.7 million for the six months ended June 30, 2024 and 2025, respectively.

Profit before income tax

As a result of the foregoing, we recorded profit before income tax of RMB235.7 million for the six months ended June 30, 2025, as compared to profit before income tax of RMB287.3 million for the six months ended June 30, 2024.

Income tax expense

Our income tax expense remained relatively stable at RMB9.6 million and RMB9.1 million for the six months ended June 30, 2024 and 2025, respectively.

Profit for the period

As a result of the foregoing, we recorded net profit of RMB226.7 million for the six months ended June 30, 2025, representing net profit margin of 15.2%, as compared to net profit of RMB277.7 million for the six months ended June 30, 2024, representing net profit margin of 17.0%.

Non-IFRS measure

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted net profit as additional financial measures, which are not required by, or presented in accordance with IFRS. We define adjusted net profit (non-IFRS measure) as profit for the period adjusted by share-based payments. 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. We believe that the non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain non-cash or non-recurring items that our management does not consider indicative of our operating performance.

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

	Six months ended June 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	226,651	277,739
<i>Add:</i>		
Share-based payments	44,808	71,358
Adjusted net profit (non-IFRS measure)	271,459	349,097

Contract assets

Contract assets primarily represented our right to consideration in relation to our postpaid contractual classes that allow for postponed payment of a portion of the course fees only upon passing the relevant examinations. Our contract assets increased from RMB12.8 million as of December 31, 2024 to RMB62.0 million as of June 30, 2025, primarily due to the cyclical nature of the business that the interview test classes, constituting a higher portion of the postpaid contractual classes, are mostly sold in the first half of the year when the examinations are concentrated.

Contract liabilities

Our contract liabilities primarily represented prepaid course fees we received from our students for our tutoring services, for which our performance obligation had not been satisfied. Our contract liabilities increased from RMB140.4 million as of December 31, 2024 to RMB227.8 million as of June 30, 2025, primarily due to the increase in the sales volume of our prepaid courses for the upcoming exam season, while the course fees have not been recognized as revenue. It is expected that most contractual liabilities will be recognized within one year.

Refund liabilities

Our refund liabilities represented primarily the courses fees which we do not expect to be entitled to, including primarily the portion of course fees of our contractual classes for which we expect withdrawals or no-pass refund requests, and to a much lesser extent, the portion of course fees of other non-contractual classes at withdrawal and our online learning products, mainly including the expected refund fees from the challenge exercise product. Our refund liabilities decreased from RMB173.5 million as of December 31, 2024 to RMB128.2 million as of June 30, 2025, primarily because (1) we adjusted our business development strategy, resulting in the decreasing portion of course fees of no-pass refund for contractual classes; and (2) after the results of the civil service examination have been released, we have already refunded the course fees for the six months ended June 30, 2025.

Liquidity and capital resources

For the six months ended June 30, 2025, 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 increased from RMB830.1 million as of December 31, 2024 to RMB1,077.7 million as of June 30, 2025, primarily due to an increase in the profits generated in 2025.

Cash and cash equivalents

Our cash and cash equivalents primarily consisted of bank deposits on demand. Our cash and cash equivalents increased from RMB946.0 million as of December 31, 2024 to RMB973.6 million as of June 30, 2025, which were mainly generated from operating activities during the six months ended June 30, 2025.

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

	Six months ended June 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	213,278	234,690
Net cash (used in) / generated from investing activities	(155,108)	157,223
Net cash used in financing activities	(26,626)	(378,316)
Net increase in cash and cash equivalents	31,544	13,597
Cash and cash equivalents at beginning of the period	945,953	671,530
Exchange difference	(3,945)	4,317
Cash and cash equivalents at the end of the period	973,552	689,444

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 RMB2.1 million and RMB0.7 million for the six months ended June 30, 2024 and 2025, respectively.

In addition, for the six months ended June 30, 2025, we recorded exchange differences on translation of RMB4.2 million as other comprehensive loss, as compared to RMB8.6 million as other comprehensive income for the six months ended June 30, 2024, primarily due to exchange rate fluctuation.

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

Capital expenditure

For the six months ended June 30, 2025, our total capital expenditure amounted to RMB3.1 million, as compared to RMB6.1 million for the six months ended June 30, 2024, which primarily consisted of purchases of property, plant and equipment. We funded our capital expenditure requirements primarily through cash generated from our operating activities for the six months ended June 30, 2025.

Capital commitments

As of June 30, 2025, we did not have any significant capital commitments (December 31, 2024: nil).

Contingent liabilities

As of June 30, 2025, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against any member of our Group.

Significant investments, material acquisitions and disposals

For the six months ended June 30, 2025, 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 June 30, 2025, we had no charges on our assets (December 31, 2024: nil).

Borrowings and gearing ratio

As of June 30, 2025, we did not have any outstanding bank loans or other borrowings. Accordingly, the gearing ratio as of June 30, 2025 (as calculated by total interest-bearing bank borrowings divided by total equity as of the period end) was not applicable (December 31, 2024: N/A).

Key financial indicators

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

	As of/for the six months ended June 30,	
	2025	2024
Profitability ratios		
Gross profit margin ⁽¹⁾	54.0 %	54.2%
Net profit margin ⁽²⁾	15.2 %	17.0%
Adjusted net profit margin (non-IFRS measure) ⁽³⁾	18.2 %	21.4%
Liquidity ratios		
Current ratio ⁽⁴⁾	2.9	2.3
Quick ratio ⁽⁵⁾	2.8	2.2

- (1) The calculation of gross profit margin is based on gross profit divided by revenue for the period indicated and multiplied by 100.0%.
- (2) The calculation of net profit margin is based on net profit divided by revenue for the period indicated and multiplied by 100.0%.
- (3) The calculation of adjusted net profit margin, a non-IFRS measure, is based on adjusted net profit divided by revenue for the period indicated and multiplied by 100.0%.
- (4) The calculation of current ratio is based on current assets divided by current liabilities as of the period end.
- (5) The calculation of quick ratio is based on current assets less inventories divided by current liabilities as of the period end.

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**”).

On August 13, 2025, the Company announced to change the use of the Net Proceeds by redirecting the entire unutilized Net Proceeds to AI research, development, infrastructure and implementation. Please refer to the announcement of the Company dated August 13, 2025 for details (the “**Announcement**”). The Group will utilize the Net Proceeds in accordance with the intended purposes as stated in the Prospectus and the Announcement. 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 <i>Amount</i> <i>HK\$ million</i>	Unutilized Net Proceeds as of January 1, 2025 <i>Amount</i> <i>HK\$ million</i>	Utilized Net Proceeds during the Reporting Period <i>Amount</i> <i>HK\$ million</i>	Unutilized Net Proceeds as of June 30, 2025 <i>Amount</i> <i>HK\$ million</i>	Proposed revision of allocation of the unutilized net proceeds amount <i>Amount</i> <i>HK\$ million</i>	Updated expected time of completion of utilization of balances
Enriching our course offerings and expanding our student base	58.9	47.2	–	47.2	–	–
Enhancing our content and technological development capabilities (group-wide for both online and classroom-based services)	32.2	–	–	–	–	–
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	–	–	–	–	–
Investing in AI vertical model, technology research development and AI product commercialization	–	–	–	–	12.0	By December 2026
Investing in advanced AI related high-end talent and infrastructure	–	–	–	–	48.8	By December 2026
Total	<u>113.2</u>	<u>60.8</u>	<u>–</u>	<u>60.8</u>	<u>60.8</u>	

Employees

As of June 30, 2025, the Group had 7,053 full-time employees, as compared to 7,177 full-time employees as of December 31, 2024. For the six months ended June 30, 2025, the Group incurred total staff costs (including Directors' emoluments) of RMB670.3 million, which primarily consisted of wages, salaries, bonuses, pension and other social security costs, and other employee welfare including share-based payments.

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

To incentivize its employees and promote the long-term growth of the Company, the Company has also adopted the pre-IPO share option scheme (the **"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 six months ended June 30, 2025, 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). As of June 30, 2025, the Company did not hold any treasury shares (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (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. Details of such deviation are explained below.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. 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 Mr. ZHANG Xiaolong 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.

Interim Dividend

The Board has resolved not to recommend payment of any interim dividend for the six months ended June 30, 2025 (six months ended June 30, 2024: nil).

Audit Committee and Review of Interim Financial Results

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

The Audit Committee has reviewed the interim financial results of the Group for the six months ended June 30, 2025. The Audit Committee has also reviewed together with the management of the Company the accounting principles and policies adopted by the Company and the condensed consolidated interim financial information of the Group for the six months ended June 30, 2025 and discussed matters in relation to, among others, risk management, internal control and financial reporting of the Group. The Audit Committee considers that the interim financial results of the Group for the six months ended June 30, 2025 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

PricewaterhouseCoopers, the independent auditor of the Company, has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended June 30, 2025 in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.”

Events after the Reporting Period

There has been no significant event since June 30, 2025 and up to the date of this announcement that is required to be disclosed by the Company.

Forward-Looking Statements

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

PUBLICATION OF 2025 INTERIM RESULTS ANNOUNCEMENT AND 2025 INTERIM 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 interim report of the Company for the six months ended June 30, 2025 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, August 29, 2025

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