



粉笔有限公司  
Fenbi Ltd.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2469

2023  
Interim Report





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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

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

Mr. WEI Liang

### Non-executive Directors

Mr. LI Yong

Mr. LI Xin

Mr. LI Zhaohui (resigned on March 8, 2023)

### Independent Non-executive Directors

Mr. QIU Dongxiao Larry

Mr. YUEN Kai Yiu Kelvin

Ms. YUAN Jia

## AUDIT COMMITTEE

Mr. YUEN Kai Yiu Kelvin (*Chairman*)

Mr. QIU Dongxiao Larry

Ms. YUAN Jia

## REMUNERATION COMMITTEE

Mr. QIU Dongxiao Larry (*Chairman*)

Mr. ZHANG Xiaolong

Mr. WEI Liang

Mr. YUEN Kai Yiu Kelvin

Ms. YUAN Jia

## NOMINATION COMMITTEE

Mr. ZHANG Xiaolong (*Chairman*)

Mr. WEI Liang

Mr. QIU Dongxiao Larry

Mr. YUEN Kai Yiu Kelvin

Ms. YUAN Jia

## JOINT COMPANY SECRETARIES

Ms. WANG Tao

Mr. LEE Chung Shing

## AUTHORIZED REPRESENTATIVES

Mr. WEI Liang

Ms. WANG Tao

## AUDITOR

PricewaterhouseCoopers

*Certified Public Accountants and*

*Registered Public Interest Entity Auditor*

22/F, Prince's Building, Central

Hong Kong

## COMPLIANCE ADVISOR

Maxa Capital Limited

Unit 1908 Harbour Center

25 Harbour Road, Wanchai

Hong Kong

## REGISTERED OFFICE

190 Elgin Avenue

George Town

Grand Cayman KY1-9008

Cayman Islands

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited

190 Elgin Avenue

George Town

Grand Cayman KY1-9008

Cayman Islands

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712–1716, 17th Floor

Hopewell Centre

183 Queen's Road East, Wan Chai

Hong Kong

## CORPORATE HEADQUARTERS

1–6/F, Building 103, No. 10 Courtyard

Jiuxianqiao North Road

Chaoyang District

Beijing, PRC

## PRINCIPAL BANKS

China Merchants Bank, Beijing Branch

China CITIC Bank, Beijing Branch

Shanghai Pudong Development Bank, Beijing Branch



# Corporate Information

## **HONG KONG LEGAL ADVISER**

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

## **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

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

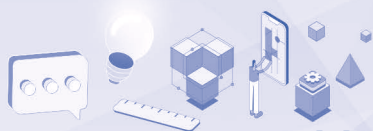
## **WEBSITE**

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

## **STOCK CODE**

2469





# Results Highlights

## Financial Results

	<b>Six months ended June 30,</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Revenue	<b>1,682,333</b>	1,451,032
Gross profit	<b>855,680</b>	689,311
Net profit/(loss) for the period	<b>81,476</b>	(391,770)
Adjusted net profit (non-IFRS measure) <i>Note</i>	<b>288,040</b>	95,632

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

## Operating Results

	<b>As of/for the six months ended June 30, 2023</b>	As of/for the year ended December 31, 2022	As of/for the six months ended June 30, 2022
Employees	<b>7,208</b>	7,440	7,388
Full-time instructors	<b>3,536</b>	3,941	4,145
Other staff	<b>3,672</b>	3,499	3,243
Operational hubs	<b>186</b>	198	276
Average monthly active users	<b>9.2 million</b>	7.9 million	7.5 million



# Management Discussion and Analysis

## BUSINESS OVERVIEW

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

We have followed an integrated approach to develop a comprehensive portfolio of career test preparation products and services that generate significant synergies. We deliver our tutoring services through omni-channels. Our instructors deliver courses in live or pre-recorded format and interact with students on Fenbi online platform. To capture the evolving student needs for offline services, we also offer classroom-based tutoring, in which our instructors deliver courses to students who physically attend the lectures in classrooms set up by our local operational hubs. In addition, students taking either online or offline tutoring courses may supplement their learning with our online learning products and toolkits. Students are allowed to choose from our comprehensive online and classroom-based tutoring service offerings based on their learning needs.

- **Online Tutoring.** We deliver online tutoring courses in live or pre-recorded format, or their combination, through our Fenbi online platform, supplemented by well-designed online learning products, including membership package and challenge exercise. Our online tutoring courses cover a wide spectrum of examination categories and cover the full examination preparation cycle and prepare our students for both written tests and interview tests. We primarily deliver our online formal tutoring courses in the types including systematic course, premium course and special course to our students, with flexible learning options to suit their personalized academic and skill competence level. As of June 30, 2023, our online platform had accumulated approximately 56.2 million registered users.
- **Classroom-based Tutoring.** We launched our offline classroom-based tutoring on a large-scale basis in May 2020 through classroom facilities set up by a network of local operational hubs in select cities with considerable student demands. We had successfully built our nationwide coverage and established 186 local operational hubs in strategic localities as of June 30, 2023. Leveraging our broad user base accumulated through our Fenbi online platform, we can channel prospective students with offline education needs to our offline course offerings with premium pricing to facilitate our overall business growth and scale our offline operations in a cost-effective manner.

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

Attributable to changes in the employment market conditions, the number of applicants for recruitment examinations increased significantly in the first half of 2023 as compared to the same period last year. The interval between the National Civil Servants Examination and the provincial civil servants examinations this year was considerably shorter than in previous years, posing challenges for VET service providers in collecting payments. Nonetheless, our business recorded noteworthy growth.





## Management Discussion and Analysis

Since 2021, we have been steadily transitioning our strategic focus to online services and persistently enhancing our efficiency by optimizing our cost and expense structure, particularly in our offline operations. These strategic adjustments were essentially accomplished in 2022, as reflected in our impressive financial performance in the first half of 2023. Our overall gross profit margin has exceeded 50%. The gross profit of our classroom-based tutoring services increased by 68.7% from RMB190.2 million for the six months ended June 30, 2022 to RMB320.9 million for the six months ended June 30, 2023. We recorded net profit of RMB81.5 million for the six months ended June 30, 2023, as compared to net loss of RMB391.8 million for the same period last year, successfully achieving a turnaround from loss to profit. Our adjusted net profit (non-IFRS measure) was RMB288.0 million for the six months ended June 30, 2023, as compared to RMB95.6 million for the same period last year. Our net profit margin was 4.8% for the six months ended June 30, 2023, while our adjusted net profit margin (non-IFRS measures) was 17.1% for the same period. We expect our cost and expense structure to be sustainable, with potential for further optimization and enhancement.

### OUTLOOK

Given the current job market trend, we anticipate sustained interest in government-sponsored job positions among eligible job-seekers. We believe that, over the short to medium term, the number of exam applicants will increase significantly, leading to a surge in the number of VET service providers. Furthermore, the COVID-19 pandemic has transformed people's lifestyles and learning habits, accelerating the shifts to online learning. As a leading online service provider in the industry, we are poised to benefit from this industry evolution and the prevailing trend of digitalization. In particular, our online premium courses, characterized by targeted approach and high utilization rates of teaching staff, allow us to invest more resources in R&D and teaching, achieving superior teaching outcomes and fostering a virtuous cycle. Driven by such outstanding learning results, the paid enrollment of our online premium courses continues to increase. We believe that there will be vast potential for our online business expansion.

Capitalizing on our robust online offerings, we are ardently promoting our integrated OMO teaching mode. The OMO approach not only satisfies certain students' preference for traditional classroom settings but also efficiently incorporates the effectiveness and specificity of our online products, addressing the low utilization rate of teaching staff and venues inherent to traditional offline mode. Our offline products are rapidly adapting to the OMO mode, and we foresee that this trend will further enhance our efficiency and differentiate our offline products from competitors.

In light of the aforementioned factors, our revenue is expected to experience significant compound growth, and there will also be substantial potential for continuous optimization in our operational efficiency and profit margins.





# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

Our revenue increased by 15.9% from RMB1,451.0 million for the six months ended June 30, 2022 to RMB1,682.3 million for the six months ended June 30, 2023. 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,			
	2023		2022	
	<i>RMB'000</i> <i>(Unaudited)</i>	%	<i>RMB'000</i> <i>(Audited)</i>	%
<b>Tutoring services</b>				
Online tutoring services	730,422	43.4	716,831	49.4
Classroom-based tutoring services	692,556	41.2	523,534	36.1
<b>Subtotal</b>	<b>1,422,978</b>	<b>84.6</b>	1,240,365	85.5
<b>Sales of books</b>	<b>259,355</b>	<b>15.4</b>	210,667	14.5
<b>Total</b>	<b>1,682,333</b>	<b>100.0</b>	1,451,032	100.0

- *Online tutoring services.* Our revenue generated from online tutoring services remained relatively stable at RMB716.8 million and RMB730.4 million for the six months ended June 30, 2022 and 2023, respectively.
- *Classroom-based tutoring services.* Our revenue generated from classroom-based tutoring services increased by 32.3% from RMB523.5 million for the six months ended June 30, 2022 to RMB692.6 million for the six months ended June 30, 2023, primarily due to (1) the resumption of our classroom-based tutoring services following the alleviation of the COVID-19 impact since December 2022 in China, and (2) the increase in the number of our students as a result of the intense competition in the job market as well as our well-recognized brand.
- *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 increased by 23.1% from RMB210.7 million for the six months ended June 30, 2022 to RMB259.4 million for the six months ended June 30, 2023, primarily due to the recovery of our supply channels and the resumption of regular recruitment of civil servants and public institutions employees.

### Cost of sales

Our cost of sales increased by 8.5% from RMB761.7 million for the six months ended June 30, 2022 to RMB826.7 million for the six months ended June 30, 2023 for the following reasons.

- *Online tutoring services.* Our cost of sales related to online tutoring services remained relatively stable at RMB284.8 million and RMB284.8 million for the six months ended June 30, 2022 and 2023, respectively.







# Management Discussion and Analysis

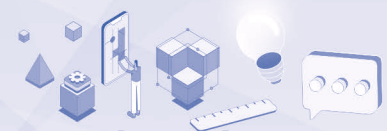
- *Classroom-based tutoring services.* Our cost of sales related to classroom-based tutoring services increased by 11.5% from RMB333.3 million for the six months ended June 30, 2022 to RMB371.7 million for the six months ended June 30, 2023, primarily due to the increase in lease expenses to accommodate increased classroom-based courses.
- *Sales of books.* Our cost of sales related to sales of books increased by 18.5% from RMB143.6 million for the six months ended June 30, 2022 to RMB170.1 million for the six months ended June 30, 2023, primarily due to the increased sales volume of our textbooks and learning materials.

## Gross profit and gross profit margin

Our gross profit increased by 24.1% from RMB689.3 million for the six months ended June 30, 2022 to RMB855.7 million for the six months ended June 30, 2023, and the corresponding gross profit margin increased from 47.5% to 50.9%. 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,			
	2023		2022	
	Gross profit	Gross profit	Gross profit	Gross
	margin	margin	profit	profit margin
	RMB'000	%	RMB'000	%
	(Unaudited)		(Audited)	
<b>Tutoring services</b>				
Online tutoring services	445,593	61.0	431,991	60.3
Classroom-based tutoring services	320,875	46.3	190,216	36.3
<b>Subtotal</b>	<b>766,468</b>	<b>53.9</b>	622,207	50.2
<b>Sales of books</b>	<b>89,212</b>	<b>34.4</b>	67,104	31.9
<b>Total</b>	<b>855,680</b>	<b>50.9</b>	689,311	47.5

- *Online tutoring services.* Our gross profit margin for online tutoring services remained relatively stable at 60.3% and 61.0% for the six months ended June 30, 2022 and 2023, respectively.
- *Classroom-based tutoring services.* Our gross profit margin for classroom-based tutoring services increased from 36.3% for the six months ended June 30, 2022 to 46.3% for the six months ended June 30, 2023, primarily due to the optimization of our staff structure and offline business network, leading to higher utilization and efficiency.
- *Sales of books.* Our gross profit margin for sales of books increased from 31.9% for the six months ended June 30, 2022 to 34.4% for the six months ended June 30, 2023, primarily because the cost of course materials decreased as a result of the combined effect of the decreased procurement price of paper and the scale-up of our in-house printing facilities, despite our revenue growth.



# Management Discussion and Analysis

## Administrative expenses

Our administrative expenses increased by 20.7% from RMB264.9 million for the six months ended June 30, 2022 to RMB319.8 million for the six months ended June 30, 2023, primarily due to the increase in employee benefit expenses as a result of the increased share-based payments and bonuses paid to our administrative staff.

## Selling and marketing expenses

Our selling and marketing expenses increased by 20.2% from RMB253.1 million for the six months ended June 30, 2022 to RMB304.3 million for the six months ended June 30, 2023, primarily due to the increases in (1) employee benefit expenses as a result of the increased performance incentives paid to our sales and marketing personnel due to the increased sales volume, and (2) promotion expenses as a result of our enhanced efforts to promote our brand and services.

## Research and development expenses

Our research and development expenses increased by 67.7% from RMB85.3 million for the six months ended June 30, 2022 to RMB143.1 million for the six months ended June 30, 2023, primarily due to the increase in employee benefit expenses as a result of the increase in bonuses paid to our content and technology development personnel and the increased headcount of our R&D team to accommodate our long-term business strategy.

## Net impairment losses on financial assets and contract assets

Our net impairment losses on financial assets and contract assets increased significantly from RMB89,000 for the six months ended June 30, 2022 to RMB1.0 million for the six months ended June 30, 2023, primarily due to the increase in loss allowance provision for other financial assets at amortized cost and trade receivables.

## Other income

Our other income decreased by 23.5% from RMB12.2 million for the six months ended June 30, 2022 to RMB9.3 million for the six months ended June 30, 2023, primarily due to the decrease in rental and sublease income.

## Other losses, net

Our other losses, net decreased by 60.6% from RMB67.1 million for the six months ended June 30, 2022 to RMB26.5 million for the six months ended June 30, 2023, primarily due to (1) the decrease in net foreign exchange losses, (2) the decrease in net losses related to early termination of lease agreements and disposal of related leasehold improvements, and (3) the net fair value gains on derivatives.

## Finance income/costs, net

We recorded finance income, net of RMB10.2 million for the six months ended June 30, 2023, as compared to finance costs, net of RMB8.3 million for the six months ended June 30, 2022, primarily due to the decreases in (1) finance cost on lease liabilities in connection with our adjustment of offline coverage, and (2) net foreign exchange losses as a result of our adjustment of capital management structure.

## Profit/loss before income tax

As a result of the foregoing, we recorded profit before income tax of RMB75.7 million for the six months ended June 30, 2023, as compared to loss before income tax of RMB361.2 million for the six months ended June 30, 2022.





# Management Discussion and Analysis

## Income tax credit/expenses

We recorded income tax credit of RMB5.8 million for the six months ended June 30, 2023, as compared to income tax expenses of RMB30.5 million for the six months ended June 30, 2022, primarily due to the recognition of deferred tax assets for eligible losses we carried forward against future taxable income, partially offset by the increase in current income tax on profits before income tax.

## Profit/loss for the period

As a result of the above, we recorded net profit of RMB81.5 million for the six months ended June 30, 2023, as compared to net loss of RMB391.8 million for the six months ended June 30, 2022. The net profit margin for the six months ended June 30, 2023 was 4.8%, as compared to the net loss margin of 27.0% for the six months ended June 30, 2022.

## Non-IFRS measures

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted net profit/loss 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/loss for the period adjusted by share-based payments, fair value losses on financial liabilities at fair value through profit or loss, and listing expenses. Share-based payments arise from granting options to employees. 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. The convertible preferred shares have been automatically converted into ordinary shares after the completion of the Global Offering, and we do not expect to record further gains or losses in relation to valuation changes in such instruments after the completion of the Global Offering. Listing expenses were incurred in connection with our preparation for the Global Offering. 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.

	<b>Six months ended June 30,</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
<b>Profit/(loss) for the period</b>	<b>81,476</b>	(391,770)
<i>Add:</i>		
Share-based payments	<b>201,711</b>	83,188
Fair value losses of financial liabilities at fair value through profit or loss	<b>4,853</b>	383,799
Listing Expenses	<b>—</b>	20,415
<b>Adjusted net profit (non-IFRS measure)</b>	<b>288,040</b>	95,632





# Management Discussion and Analysis

## 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 RMB9.0 million as of December 31, 2022 to RMB30.4 million as of June 30, 2023, primarily due to the increase in the recruitments by government-sponsored institutions, resulting in the increased sales volume of our postpaid 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 increased from RMB117.9 million as of December 31, 2022 to RMB188.2 million as of June 30, 2023, primarily due to the increased sales volume of our prepaid 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 RMB275.0 million as of December 31, 2022 to RMB221.7 million as of June 30, 2023, primarily because (1) we adjusted our business development strategies, and as a result, reduced the proportion of the course fees of contractual classes that are subject to refund for no-pass, and (2) we had made refunds in the six months ended June 30, 2023 following the results announcement of certain examinations.

## Liquidity and capital resources

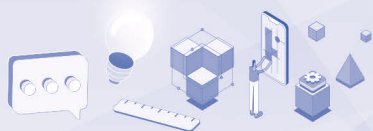
For the six months ended June 30, 2023, our primary use of cash is to fund the daily operations of our business. We financed our capital expenditures and working capital requirements primarily through cash generated from our operating activities.

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 RMB565.4 million as of December 31, 2022 to RMB1,045.5 million as of June 30, 2023, primarily due to the increases in cash and cash equivalents and short-term bank deposits resulting from the cash generated from our operating activities and the net proceeds from the Global Offering.

## Cash and cash equivalents

Our cash and cash equivalents primarily consisted of bank deposits on demand. Our cash and cash equivalents increased from RMB1,047.4 million as of December 31, 2022 to RMB1,335.3 million as of June 30, 2023, primarily due to the cash generated from our operating activities and the net proceeds from the Global Offering.





# Management Discussion and Analysis

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

	<b>Six months ended June 30,</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Net cash generated from operating activities	<b>375,247</b>	57,377
Net cash (used in)/generated from investing activities	<b>(228,329)</b>	25,440
Net cash generated from/(used in) financing activities	<b>78,429</b>	(49,895)
Net increase in cash and cash equivalents	<b>225,347</b>	32,922
Cash and cash equivalents at beginning of the period	<b>1,047,402</b>	1,159,867
Exchange difference	<b>62,580</b>	60,740
Cash and cash equivalents at the end of the period	<b>1,335,329</b>	1,253,529

## 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 RMB47.0 million and RMB33.3 million for the six months ended June 30, 2022 and 2023, respectively.

In addition, for the six months ended June 30, 2023, we recorded exchange differences on translation of RMB65.8 million as other comprehensive income, as compared to negative RMB395.3 million for the six months ended June 30, 2022, primarily because following the conversion of preferred shares to ordinary shares upon the completion of the Global Offering, the balance sheet of our Cayman holding company turned from a net liability position to a net asset position, and therefore, recorded exchange differences on translation as other comprehensive income due to foreign currency translation.

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, 2023, our total paid capital expenditure amounted to RMB9.8 million, as compared to RMB20.5 million for the six months ended June 30, 2022, 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, 2023.

## Capital commitments

As of June 30, 2023, we did not have any significant capital commitments (December 31, 2022: nil).



# Management Discussion and Analysis

## Contingent liabilities

As of June 30, 2023, 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, 2023, we did not hold any significant investments, nor did we have any material acquisitions or disposals of subsidiaries and affiliated companies.

## Future plans for material investments and capital assets

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

## Charge on Group's assets

As of June 30, 2023, we had no charges on our assets (December 31, 2022: nil).

## Borrowings and gearing ratio

As of June 30, 2023, we did not have any outstanding bank loans or other borrowings. Accordingly, the gearing ratio as of June 30, 2023 (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 (December 31, 2022: N/A).

## Key financial indicators

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

	<b>As of/for the six months ended June 30,</b>	
	<b>2023</b>	2022
<b>Profitability ratios</b>		
Gross profit margin <sup>(1)</sup>	<b>50.9%</b>	47.5%
Net profit/(loss) margin <sup>(2)</sup>	<b>4.8%</b>	(27.0)%
Adjusted net profit margin (non-IFRS measure) <sup>(3)</sup>	<b>17.1%</b>	6.6%
<b>Liquidity ratios</b>		
Current ratio <sup>(4)</sup>	<b>2.3</b>	1.3
Quick ratio <sup>(5)</sup>	<b>2.2</b>	1.2

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

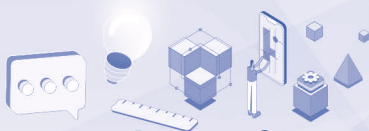
(2) The calculation of net profit/(loss) margin is based on net profit/(loss) divided by revenue for the period indicated and multiplied by 100.0%.

(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

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

As of June 30, 2023, to the best knowledge of the Directors, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

#### (A) Interest in the Company

Name of Director/Chief Executive	Capacity/Nature of interest	Number of Shares held	Approximate percentage of interest <sup>(1)</sup>
Mr. ZHANG Xiaolong <sup>(2)(3)</sup>	Interest in controlled corporation	257,200,000 (L)	11.41%
	Interest held jointly with another person	504,257,000 (L)	22.38%
Mr. WEI Liang <sup>(2)(4)</sup>	Interest in controlled corporation	57,665,000 (L)	2.56%
	Beneficial interest	27,500,000 (L)	1.22%
Mr. LI Yong <sup>(2)(5)</sup>	Interest held jointly with another person	676,292,000 (L)	30.01%
	Interest in controlled corporation	259,736,000 (L)	11.53%
Mr. LI Xin <sup>(2)(6)</sup>	Interest held jointly with another person	501,721,000 (L)	22.26%
	Beneficial interest	79,132,000 (L)	3.51%
	Interest in controlled corporation	80,224,000 (L)	3.56%
	Interest held jointly with another person	602,101,000 (L)	26.72%

Notes:

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

- (1) The calculation is based on the total number of 2,253,657,730 Shares in issue as of June 30, 2023.
- (2) Mr. Zhang, Mr. WEI Liang, Mr. LI Yong and Mr. LI Xin entered into a concert party agreement to acknowledge and confirm their acting-in-concert relationship in relation to the Company. Please refer to "History, Reorganization and Corporate Structure" and "Relationship with Our Controlling Shareholders — Our Controlling Shareholders" in the Prospectus for details. Under the SFO, Mr. Zhang, Mr. WEI Liang, Mr. LI Yong and Mr. LI Xin are deemed to be interested in the Shares which each other has interest in.
- (3) Mr. ZHANG Xiaolong is deemed to be interested in the entire interests held by Chalk Sky Ltd, which is owned as to (a) 99.998% by Sonata (BVI) Limited, which is in turn wholly owned by Ocorian Trust Company as the trustee for ZXL Family Trust with Mr. ZHANG Xiaolong as the settlor and protector, and (b) 0.002% by Chalk Star Ltd, which is wholly owned by Mr. ZHANG Xiaolong.



- (4) Mr. WEI Liang is deemed to be interested in the entire interests held by Chalk World Ltd, which is owned as to (a) 99.998% by Creciendo (BVI) Limited, which is in turn wholly owned by Ocorian Trust Company as the trustee for WL Family Trust with Mr. WEI Liang as the settlor and protector, and (b) 0.002% by Chalk Wonder Ltd, which is wholly owned by Mr. WEI Liang. Mr. Wei is also interested in 27,500,000 Shares underlying the outstanding options granted to him pursuant to the Pre-IPO Share Option Scheme.
- (5) Liang Ma Limited is wholly-owned by Mr. LI Yong.
- (6) Green Creek Holding Limited is wholly-owned by Mr. LI Xin. Taurus Fund L.P. is a Cayman Islands Limited partnership, the general partner of which is controlled by Mr. LI Xin. Mr. LI Xin is deemed to be interested in the entire interests held by Green Creek Holding Limited and Taurus Fund L.P.

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

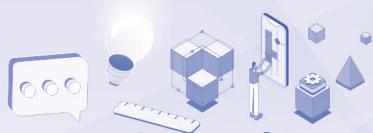
Name of Director/Chief Executive	Capacity/Nature of interest	Name of associated corporation	Approximate percentage of interest
Mr. ZHANG Xiaolong <sup>(1)</sup>	Beneficial interest; interest in controlled corporation	Fenbi Bluesky	97.45%
Mr. WEI Liang	Beneficial interest	Fenbi Bluesky	2.25%
Mr. LI Yong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

Note:

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

Save as disclosed above and to the best knowledge of the Directors, as of June 30, 2023, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which would be required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or which would be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.





## Other Information

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

As of June 30, 2023, to the best of knowledge of the Directors, the following persons, other than Directors or chief executive of the Company, had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of Shares held	Approximate percentage of interest <sup>(1)</sup>
Chalk Sky Ltd <sup>(2)</sup>	Beneficial interest	257,200,000 (L)	11.41%
Sonata (BVI) Limited <sup>(2)</sup>	Interest in controlled corporation	257,200,000 (L)	11.41%
Liang Ma Limited <sup>(3)</sup>	Beneficial interest	259,736,000 (L)	11.53%
Ocorian Trust Company <sup>(4)</sup>	Trustee	314,865,000 (L)	13.97%
JPMorgan Chase & Co. <sup>(5)</sup>	Interest in controlled corporation	202,978,999 (L)	9.00%
		653,000 (S)	0.02%
	Approved lending agent	178,819,999 (P)	7.93%
Tencent Holdings Limited <sup>(6)</sup>	Interest in controlled corporation	293,526,000 (L)	13.02%
Tencent Mobility Limited <sup>(6)</sup>	Beneficial interest	178,736,000 (L)	7.93%
Mr. Ho Chi Sing <sup>(7)</sup>	Interest in controlled corporation	223,919,630 (L)	9.94%
Mr. Zhou Quan <sup>(8)</sup>	Interest in controlled corporation	198,413,630 (L)	8.80%
IDG-Accel China Growth Fund GP III Associates Ltd. <sup>(7)(8)</sup>	Interest in controlled corporation	152,562,000 (L)	6.77%
IDG-Accel China Growth Fund III Associates L.P. <sup>(7)(8)</sup>	Interest in controlled corporation	142,454,000 (L)	6.32%
IDG-Accel China Growth Fund III L.P. <sup>(7)(8)</sup>	Beneficial interest	142,454,000 (L)	6.32%
Matrix China II GP GP, Ltd. <sup>(9)</sup>	Interest in controlled corporation	149,872,000 (L)	6.65%
Matrix China Management II, L.P. <sup>(9)</sup>	Interest in controlled corporation	149,872,000 (L)	6.65%
Matrix Partners China II, L.P. <sup>(9)</sup>	Beneficial interest	134,884,800 (L)	5.99%

#### Notes:

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

- (1) The calculation is based on the total number of 2,253,657,730 Shares in issue as of June 30, 2023.
- (2) See note (3) under the section headed "Other Information — Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in this interim report for more information.
- (3) See note (5) under the section headed "Other Information — Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in this interim report for more information.
- (4) See notes (3) and (4) under the section headed "Other Information — Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in this interim report for more information.
- (5) JPMorgan Chase & Co. is deemed to be interest in (i) a long position of 178,819,999 Shares directly held by JPMorgan Chase Bank, N.A. — London Branch, (ii) a long position of 24,159,000 Shares and a short position of 653,000 Shares directly held by J.P. Morgan Securities PLC, among which, 178,819,999 Shares were held in the lending pool. Each of JPMorgan Chase Bank, N.A. — London Branch and J.P. Morgan Securities PLC is ultimately controlled by JPMorgan Chase & Co.

- (6) Tencent Holdings Limited is deemed to be interest in (i) 178,736,000 Shares directly held by Tencent Mobility Limited, (ii) 84,724,000 Shares directly held by Morespark Limited, (iii) 13,042,000 Shares directly held by TPP Opportunity I Holding C Limited, (iv) 8,694,000 Shares directly held by Triple Max Holding Limited, and (v) 8,330,000 Shares directly held by TPP Fund II Holding C Limited. Each of Tencent Mobility Limited, Morespark Limited, TPP Opportunity I Holding C Limited, Triple Max Holding Limited and TPP Fund II Holding C Limited is ultimately controlled by Tencent Holdings Limited, a company listed on the Stock Exchange (stock code: 700).
- (7) Mr. Chi Sing Ho is deemed to be interest in (i) 142,454,000 Shares directly held by IDG-Accel China Growth Fund III L.P., (ii) 40,485,630 Shares directly held by Modish Century Limited, (iii) 25,506,000 Shares directly held by Even Classic Limited, (iv) 10,108,000 Shares directly held by IDG-Accel China III Investors L.P., and (v) 5,366,000 Shares directly held by Spring Moment Limited. IDG-Accel China Growth Fund III L.P. is wholly owned by IDG-Accel China Growth Fund III Associates L.P. Each of IDG-Accel China Growth Fund III L.P. and IDG-Accel China III Investors L.P. is wholly owned by IDG-Accel China Growth Fund GP III Associates Ltd., which is ultimately controlled by Mr. Chi Sing Ho and Mr. Quan Zhou. Each of Modish Century Limited and Spring Moment Limited is wholly owned by IDG Breyer Capital Fund L.P., which is ultimately controlled by Mr. Chi Sing Ho and Mr. Quan Zhou. Even Classic Limited is ultimately controlled by Mr. Chi Sing Ho.
- (8) Mr. Zhou Quan is deemed to be interest in (i) 142,454,000 Shares directly held by IDG-Accel China Growth Fund III L.P., (ii) 40,485,630 Shares directly held by Modish Century Limited, (iii) 10,108,000 Shares directly held by IDG-Accel China III Investors L.P., and (iv) 5,366,000 Shares directly held by Spring Moment Limited. See note (7) above for more information.
- (9) Matrix China II GP GP, Ltd. is deemed to be interest in (i) 134,884,800 Shares directly held by Matrix Partners China II, L.P. and (ii) 14,987,200 Shares directly held by Matrix Partners China II-A, L.P. The general partner of Matrix Partners China II, L.P. and Matrix Partners China II-A, L.P. is Matrix China Management II, L.P. The general partner of Matrix China Management II, L.P. is Matrix China II GP GP, Ltd.

Save as disclosed above and to the best knowledge of the Directors, as of June 30, 2023, the Directors and the chief executive of the Company are not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be required to be recorded in the register to be kept by the Company pursuant to Section 336 of the SFO.

## SHARE INCENTIVE SCHEMES

### Pre-IPO Share Option Scheme

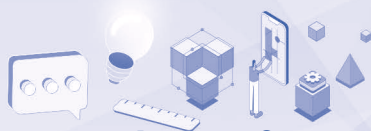
The Pre-IPO Share Option Scheme was adopted by the Company on December 31, 2020. The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules. Summary of major terms of the Pre-IPO Share Option Scheme is as follows:

#### (i) Purposes

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

#### (ii) Eligible Participants

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



## Other Information

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

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

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

### **(iv) Duration**

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

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

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

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

### **(vi) Vesting**

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

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

The Company had not granted further share options under the Pre-IPO Share Option Scheme after the Listing. During the six months ended June 30, 2023, options representing 112,612,340 Shares were exercised and options representing 658,800 Shares were forfeited under the Pre-IPO Share Option Scheme. As of June 30, 2023, Options representing 105,229,360 underlying Shares were outstanding under the Pre-IPO Share Option Scheme, representing approximately 4.67% of the total number of Shares in issue as of June 30, 2023.





## Other Information

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

Category/ Name of grantee	Date of grant	Exercise price	Outstanding as of January 1, 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Forfeited during the Reporting Period	Outstanding as of June 30, 2023	Vesting period	Weighted average closing price of the shares immediately before the dates on which the options were exercised
<i>Directors, chief executive or substantial shareholders of the Company, or their respective associates</i>									
WEI Liang	October 1, 2021 to October 25, 2022	US\$0.00001 per Share	27,500,000	–	–	–	27,500,000	Nil	–
<b>Other grantees in aggregate</b>	April 7, 2016 to October 25, 2022	US\$0.00001 per Share	191,000,500	–	112,612,340	658,800	77,729,360	0 to 4 years	HK\$8.19
<b>Total</b>			<b>218,500,500</b>	<b>–</b>	<b>112,612,340</b>	<b>658,800</b>	<b>105,229,360</b>		

Note:

- (1) The exercise period of the options under the Pre-IPO Share Option Scheme commences from the vesting commencement date of the relevant options and ends tenth anniversary of the grant date, subject to the terms of the Pre-IPO Share Option Scheme and the share option agreement signed by the grantee. No consideration was paid by the grantees for the outstanding options granted under the Pre-IPO Share Option Scheme.

### 2023 Restricted Share Unit Scheme

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

#### (i) Purposes

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



## Other Information

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

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

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

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

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

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

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

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

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

The Board may at any time at its discretion, in respect of each selected participant, cause to be paid the Reference Amount (as defined below) from the Company's resources or any subsidiary's resources into the account for the relevant selected participant for the purchase of the restricted shares. In the event that the restricted shares are to be allotted and issued as shares to the trustee under the scheme mandate limit for the purpose of the trust, the Board may cause the subscription price for such new shares to be allotted and issued be transferred from the Company's or any subsidiary's resources internally.

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

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

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

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

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

From the adoption date of the 2023 Restricted Share Unit Scheme and up to June 30, 2023, there were no awards granted, cancelled or lapsed under the 2023 Restricted Share Unit Scheme.

### 2023 Share Option Scheme

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

#### (i) **Purposes**

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

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

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

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

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

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

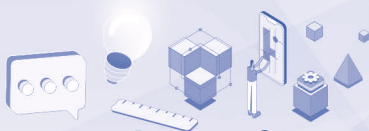
For any 12-month period up to and including the option grant date, the aggregate number of Shares issued and to be issued upon exercise of options granted under the 2023 Share Option Scheme and options and/or awards granted under any other share scheme(s) of the Company (including exercised, cancelled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

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

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

#### (vi) **Grant of Options**

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



## Other Information

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

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

### **(viii) Vesting**

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

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

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

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

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

The maximum number of Shares underlying all options and awards available for grant under the Scheme Mandate Limit was 225,365,773 Shares and the maximum number of Shares underlying all options and awards available for grant under the Service Provider Sublimit was 22,536,577 Shares as of June 30, 2023.

As no awards or options were granted under any of the share schemes of the Company during the six months ended June 30, 2023, the number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the six months ended June 30, 2023 is nil. Accordingly, the value of the number of shares that may be issued in respect of options and awards granted under all share schemes of the Company during the six months ended June 30, 2023 divided by the weighted average number of Shares in issue for the six months ended June 30, 2023 is nil.



### Use of Proceeds from the Global Offering

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

There has been no change in the intended use of net proceeds as previously disclosed in the Prospectus. The Group did not utilize any portion of the net proceeds during the period from the Listing Date and up to June 30, 2023, and 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.

### Employees

As of June 30, 2023, the Group had 7,208 full-time employees. For the six months ended June 30, 2023, the Group incurred total staff costs (including Directors’ emoluments) of RMB964.1 million, which primarily consisted of wages, salaries, bonuses, pension and other social security costs, and other employee welfare including share-based payments.

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

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

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

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

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 16,240,000 Shares at a total consideration of approximately HK\$58.2 million during the period from the adoption date and up to June 30, 2023.

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 during the period from the Listing Date and up to June 30, 2023.

### Sufficiency of Public Float

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





## Other Information

### **Corporate Governance Practices**

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

### **Compliance with Corporate Governance Code**

The Company has adopted the principles and code provisions set out in the CG Code under Part 2 of Appendix 14 of the Listing Rules as its own code of corporate governance.

During the period from the Listing Date and up to June 30, 2023, the Company has complied with all the applicable code provisions under the CG Code with the exception of code provision C.2.1, which requires the roles of chairman and chief executive to be held by different individuals.

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

### **Compliance with the Model Code**

The Company has adopted the Model Code set out in Appendix 10 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 period from the Listing Date and up to June 30, 2023.

### **Interim Dividend**

The Board has resolved not to recommend payment of any interim dividend for the six months ended June 30, 2023 (six months ended June 30, 2022: nil).

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

The changes in the information of the Directors and chief executive of the Company as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

- Mr. LI Zhaohui tendered his resignation as a non-executive Director of the Company, with effect from March 8, 2023.

### **Continuing Disclosure Obligations Pursuant to the Listing Rules**

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

### **Audit Committee and Review of Interim Financial Results**

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, 2023. The Audit Committee has also reviewed together with the management the accounting principles and policies adopted by the Company and discussed matters in relation to, among others, risk management, internal control and financial reporting of the Group. The Audit Committee considers that the interim financial results of the Group for the six months ended June 30, 2023 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, 2023 in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.”

### **Subsequent Event**

Save for the purchase of 2,960,000 Shares by the trustee of the 2023 Restricted Share Unit Scheme of the Company on the Stock Exchange at a total consideration of HK\$14.8 million during the period from July 1, 2023 to July 28, 2023 as disclosed in Note 29 to the interim financial information in this interim report, there has been no other significant event since June 30, 2023 and up to the date of this interim report that is required to be disclosed by the Company.

### **Forward-Looking Statements**

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





# Report on Review of Interim Financial Information



羅兵咸永道

## To the Board of Directors of Fenbi Ltd.

(incorporated in the Cayman Islands with limited liability)

### INTRODUCTION

We have reviewed the interim financial information set out on pages 27 to 61, which comprises the interim condensed consolidated balance sheet of Fenbi Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2023 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

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

### CONCLUSION

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

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 30 August 2023



# Interim Condensed Consolidated Statement of Profit or Loss

(Expressed in Renminbi Yuan unless otherwise indicated)

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Revenue	5	1,682,333	1,451,032
Cost of sales	5, 7	(826,653)	(761,721)
<b>Gross profit</b>		<b>855,680</b>	689,311
Administrative expenses	7	(319,847)	(264,922)
Selling and marketing expenses	7	(304,255)	(253,142)
Research and development expenses	7	(143,092)	(85,348)
Net impairment losses on financial assets and contract assets		(1,008)	(89)
Other income		9,300	12,160
Other losses, net	6	(26,452)	(67,118)
<b>Operating profit</b>		<b>70,326</b>	30,852
Fair value losses of financial liabilities at fair value through profit or loss	23	(4,853)	(383,799)
Finance income		15,176	2,508
Finance costs		(4,948)	(10,810)
Finance income/(costs) — net	8	10,228	(8,302)
<b>Profit/(loss) before income tax</b>		<b>75,701</b>	(361,249)
Income tax credit/(expense)	9	5,775	(30,521)
<b>Profit/(loss) for the period</b>		<b>81,476</b>	(391,770)
<b>Profit/(loss) attributable to:</b>			
— Owners of the Company		81,476	(391,770)
<b>Earnings per share attributable to owners of the Company</b>			
Basic earnings/(losses) per share	10	0.04	(0.54)
Diluted earnings/(losses) per share	10	0.04	(0.54)





# Interim Condensed Consolidated Statement of Comprehensive Income

(Expressed in Renminbi Yuan unless otherwise indicated)

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Profit/(loss) for the period		<b>81,476</b>	(391,770)
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss			
– Currency translation differences of the Company's subsidiaries		<b>(5,383)</b>	(1,614)
Items that will not be reclassified to profit or loss			
– Currency translation differences of the Company		<b>71,192</b>	(393,660)
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b>65,809</b>	(395,274)
<b>Total comprehensive income/(loss) for the period</b>		<b>147,285</b>	(787,044)
<b>Total comprehensive income/(loss) for the period attributable to:</b>			
– Owners of the Company		<b>147,285</b>	(787,044)

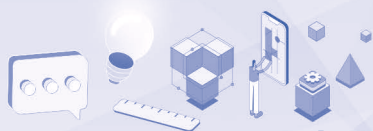


# Interim Condensed Consolidated Balance Sheet

(Expressed in Renminbi Yuan unless otherwise indicated)

	Notes	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>105,886</b>	129,978
Right-of-use assets	13	<b>134,230</b>	161,925
Intangible assets	12	<b>394</b>	874
Prepayments and other receivables	16	<b>13,499</b>	13,254
Deferred income tax assets	25	<b>52,629</b>	37,467
<b>Total non-current assets</b>		<b>306,638</b>	343,498
<b>Current assets</b>			
Inventories	17	<b>81,404</b>	94,173
Trade receivables	15	<b>42,830</b>	15,936
Contract assets	5	<b>30,384</b>	9,000
Prepayments and other receivables	16	<b>67,168</b>	62,403
Financial assets at fair value through profit or loss	18	<b>21,833</b>	20,033
Other financial assets at amortized cost	14	<b>100,008</b>	41,071
Short-term bank deposits		<b>165,990</b>	—
Cash and cash equivalents		<b>1,335,329</b>	1,047,402
<b>Total current assets</b>		<b>1,844,946</b>	1,290,018
<b>Total assets</b>		<b>2,151,584</b>	1,633,516





# Interim Condensed Consolidated Balance Sheet

(Expressed in Renminbi Yuan unless otherwise indicated)

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
<b>Equity/(deficit)</b>			
<b>Equity/(deficit) attributable to owners of the Company</b>			
Share capital	19	148	47
Share premium	19	14,945,466	2,648,395
Other reserves	21	(9,252,073)	(9,002,744)
Accumulated losses		(4,427,231)	(4,508,623)
<b>Total equity/(deficit)</b>		<b>1,266,310</b>	<b>(10,862,925)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	13	84,555	101,650
Financial liabilities at fair value through profit or loss	23	—	11,668,784
Deferred income		1,258	1,408
<b>Total non-current liabilities</b>		<b>85,813</b>	<b>11,771,842</b>
<b>Current liabilities</b>			
Trade and other payables	22	309,253	238,588
Contract liabilities	5	188,209	117,866
Refund liabilities	24	221,724	275,024
Current income tax liabilities		27,780	25,562
Lease liabilities	13	52,495	62,628
Financial liabilities at fair value through profit or loss	23	—	4,931
<b>Total current liabilities</b>		<b>799,461</b>	<b>724,599</b>
<b>Total liabilities</b>		<b>885,274</b>	<b>12,496,441</b>
<b>Total equity and liabilities</b>		<b>2,151,584</b>	<b>1,633,516</b>

# Interim Condensed Consolidated Statement of Changes in Equity

(Expressed in Renminbi Yuan unless otherwise indicated)

Notes	Attributable to equity holders of the Company				
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
<b>Balance at 1 January 2023</b>	<b>47</b>	<b>2,648,395</b>	<b>(9,002,744)</b>	<b>(4,508,623)</b>	<b>(10,862,925)</b>
Profit for the period	—	—	—	81,476	81,476
Other comprehensive income	—	—	65,809	—	65,809
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>—</b>	<b>65,809</b>	<b>81,476</b>	<b>147,285</b>
<b>Transactions with owners in their capacity as owners:</b>					
Issuance of ordinary shares relating to initial public offering, net of underwriting commissions and other issuance costs	19	160,103	—	—	160,104
Profit appropriation to statutory surplus reserves	—	—	84	(84)	—
Employee share option plan — value of employee services	20	—	201,711	—	201,711
Employee share option plan — exercise of share options	19	8	(463,431)	—	—
Purchase of treasury shares	—	—	(53,502)	—	(53,502)
Conversion of preferred shares to ordinary shares	19	92	11,673,545	—	11,673,637
<b>Total transactions with owners in their capacity as owners</b>	<b>101</b>	<b>12,297,071</b>	<b>(315,138)</b>	<b>(84)</b>	<b>11,981,950</b>
<b>Balance at 30 June 2023 (Unaudited)</b>	<b>148</b>	<b>14,945,466</b>	<b>(9,252,073)</b>	<b>(4,427,231)</b>	<b>1,266,310</b>
<b>Balance at 1 January 2022</b>	<b>47</b>	<b>2,648,395</b>	<b>(8,465,224)</b>	<b>(2,417,858)</b>	<b>(8,234,640)</b>
Loss for the period	—	—	—	(391,770)	(391,770)
Other comprehensive income	—	—	(395,274)	—	(395,274)
<b>Total comprehensive loss for the period</b>	<b>—</b>	<b>—</b>	<b>(395,274)</b>	<b>(391,770)</b>	<b>(787,044)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Profit appropriation to statutory surplus reserves	—	—	498	(498)	—
Employee share option plan — value of employee services	20	—	83,188	—	83,188
<b>Total transactions with owners in their capacity as owners</b>	<b>—</b>	<b>—</b>	<b>83,686</b>	<b>(498)</b>	<b>83,188</b>
<b>Balance at 30 June 2022 (Audited)</b>	<b>47</b>	<b>2,648,395</b>	<b>(8,776,812)</b>	<b>(2,810,126)</b>	<b>(8,938,496)</b>





# Interim Condensed Consolidated Statement of Cash Flows

(Expressed in Renminbi Yuan unless otherwise indicated)

	Notes	Six months ended 30 June	
		2023	2022
		RMB'000 (Unaudited)	RMB'000 (Audited)
<b>Cash flows from operating activities</b>			
Cash generated from operations		370,374	63,491
Interest paid		(3,270)	(7,744)
Interest received		15,176	2,508
Income tax paid		(7,033)	(878)
		<b>375,247</b>	<b>57,377</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(9,755)	(20,505)
Purchase of financial assets at fair value through profit or loss	4	(693,475)	(1,489,960)
Purchase of other financial assets at amortized cost		(245,677)	—
Redemption of financial assets at fair value through profit or loss	4	693,450	1,505,159
Redemption of other financial assets at amortized cost		187,871	—
Proceeds from sale of property, plant and equipment and intangible assets		8,648	27,687
Net cash (out)/in for the settlement of derivatives		(3,401)	2,059
Placement of short-term bank deposits		(165,990)	—
Proceeds from government related to purchase property, plant and equipment		—	1,000
		<b>(228,329)</b>	<b>25,440</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowing		—	54,530
Repayments of bank borrowing		—	(54,530)
Payments for listing expenses		(11,894)	(877)
Proceeds from issuance of ordinary shares		173,114	—
Principal elements of lease payments		(29,289)	(49,018)
Repurchase of treasury shares		(53,502)	—
		<b>78,429</b>	<b>(49,895)</b>
<b>Net cash generated from/(used in) financing activities</b>			
		<b>225,347</b>	<b>32,922</b>
Cash and cash equivalents, at the beginning of the period		1,047,402	1,159,867
Exchange differences		62,580	60,740
		<b>1,335,329</b>	<b>1,253,529</b>
<b>Cash and cash equivalents at the end of the period</b>			



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 1 GENERAL INFORMATION

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

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

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

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

The interim condensed consolidated 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 interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting”. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

### 2.2 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022.

#### (a) *New and amended standards adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

Amendments to IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendment to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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





# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

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

### 2.2 Accounting policies *(Continued)*

#### *(b) New standards and interpretations not yet adopted*

		<b>Effective date</b>
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associates or joint ventures	To be determined
Amendment to IFRS 16	Leases liability in a sale and leaseback	1 January 2024
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2024
Amendment to IAS 1	Non current liabilities with covenants	1 January 2024

The Group has not early adopted the abovementioned new or amended standards and interpretations in this interim condensed consolidated financial information and will apply these new or amended standards and interpretations in accordance with their respective effective dates. The Group has already commenced an assessment of the related impact to the Group of these abovementioned standards and interpretation.

## 3 ESTIMATES

The preparation of interim condensed consolidated 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 interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended 31 December 2022.

## 4 FINANCIAL RISK MANAGEMENT

### 4.1 Financial risk factors

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022.

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



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 4 FINANCIAL RISK MANAGEMENT (Continued)

### 4.2 Fair value estimation

#### (a) Fair value hierarchy

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

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

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

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

Recurring fair value measurements	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>At 30 June 2023 (Unaudited)</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss	—	—	21,833	21,833
<b>At 31 December 2022 (Audited)</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss	—	—	20,033	20,033
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	—	4,931	11,668,784	11,673,715

There were no transfers between level 1, level 2 and level 3 during the year.





# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 4 FINANCIAL RISK MANAGEMENT *(Continued)*

### 4.2 Fair value estimation *(Continued)*

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

The following table presents the changes in level 3 items of financial assets at fair value through profit or loss for the six months ended 30 June 2023 and 2022, respectively:

	<b>Wealth management products RMB'000</b>
<b>Opening balance as at 1 January 2023</b>	<b>20,033</b>
Additions	<b>693,475</b>
Settlements	<b>(693,450)</b>
Fair value gains on financial assets at fair value through profit or loss (Note 6)	<b>1,769</b>
Exchange difference	<b>6</b>
	<hr/>
<b>Closing balance as at 30 June 2023 (Unaudited)</b>	<b>21,833</b>
	<hr/>
	Wealth management products RMB'000
<b>Opening balance as at 1 January 2022</b>	10,139
Additions	1,489,960
Settlements	(1,505,159)
Fair value gains on financial assets at fair value through profit or loss (Note 6)	5,060
	<hr/>
<b>Closing balance as at 30 June 2022 (Audited)</b>	<b>—</b>
	<hr/>

The fair value of the financial assets at fair value through profit or loss is estimated by discounting the future cash flows at the current market interest rate available for similar financial instruments.

The fair value measurements and movements of the financial liabilities at fair value through profit or loss are in Note 23.



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 4 FINANCIAL RISK MANAGEMENT (Continued)

### 4.2 Fair value estimation (Continued)

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

##### Financial Assets

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

Wealth management products	Fair value at Unobservable Inputs RMB'000
<b>As at 30 June 2023 (Unaudited)</b>	21,833 The estimated weighted average return rates of these products were 1.35% to 4.60% per annum.
<b>As at 31 December 2022 (Audited)</b>	20,033 The estimated weighted average return rates of these products were 1.35% to 4.20% per annum.

The financial assets measured at fair value through profit and loss were investment in wealth management products that are usually held for within one year. The increase of estimated weighted average return rates will lead to the higher fair value of the financial products. If the estimated weighted average return rates had increased/decreased by 0.5% with all other variables held constant, the profit before income tax for the six months ended 30 June 2023, would have been approximately RMB4,500.

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

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

##### Financial Assets

The valuation technique is discounted cash flows. Future cash flows are estimated and discounted using the expected yield rate with reference to the benchmark yield rate of the financial investment products of banks.





# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 5 SEGMENT INFORMATION

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

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

As at 30 June 2023, the CODM have identified the following reportable segments:

- Classroom-based tutoring services: the tutoring services are offered by the Group through classroom teaching to the students who physically attend the lectures in tutoring centers and tutoring bases/campuses.
- Online tutoring services: the tutoring services are offered by the Group via online. This service includes all the tutoring courses services except for the Classroom-based tutoring courses services, and mainly represent online tutoring courses services, membership package, challenge exercise etc.
- Sales of books: including books provided with tutoring services and printing business relevant with book selling business.

As at 30 June 2023, the CODM assess the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The selling and distribution expenses, administrative expenses and research and development costs 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 loss on financial assets, other losses, net, finance costs, 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 information of profit or loss. Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in these interim consolidated financial information. There were no segment assets and segment liabilities information provided to the CODM for measure of the segments' performance.

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



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 5 SEGMENT INFORMATION (Continued)

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

	Six months ended 30 June 2023 (Unaudited)			
	Classroom-based tutoring services RMB'000	Online tutoring services RMB'000	Sales of books RMB'000	Total RMB'000
Segment revenue	692,556	730,422	344,613	1,767,591
Inter-segment revenue	—	—	(85,258)	(85,258)
Revenue from external customers	692,556	730,422	259,355	1,682,333
Cost of sales	(371,681)	(284,829)	(170,143)	(826,653)
Gross profit	320,875	445,593	89,212	855,680

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2022 is as follows:

	Six months ended 30 June 2022 (Audited)			
	Classroom-based tutoring services RMB'000	Online tutoring services RMB'000	Sales of books RMB'000	Total RMB'000
Segment revenue	523,534	716,831	288,750	1,529,115
Inter-segment revenue	—	—	(78,083)	(78,083)
Revenue from external customers	523,534	716,831	210,667	1,451,032
Cost of sales	(333,318)	(284,840)	(143,563)	(761,721)
Gross profit	190,216	431,991	67,104	689,311

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

For the six months ended 30 June 2023, the Group's customer base is diversified and none of customer with whom transactions have exceeded 10% of the Group's revenues.

As of 30 June 2023, substantially all of the non-current assets other than financial instruments and deferred tax assets of the Group were located in the PRC.







# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 5 SEGMENT INFORMATION *(Continued)*

### Contract liabilities and contract assets

The Group has recognised the following contract liabilities, which represented the unsatisfied performance obligation and contract assets as at 30 June 2023 and the contract liabilities and contract assets will be expected to be recognised within one year:

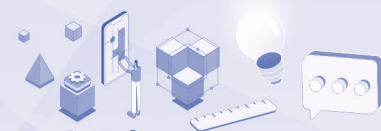
	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Contract assets relating to certain program	<b>30,600</b>	9,069
Loss allowance	<b>(216)</b>	(69)
	<hr/> <b>30,384</b>	<hr/> 9,000
Contract assets		
	<hr/> <b>188,209</b>	<hr/> 117,866
Contract liabilities		

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

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Contract liabilities	<b>93,975</b>	134,725

### (ii) Unsatisfied contracts

The majority of contract liabilities as at 30 June 2023 were expected to be recognised within one year. As the contract terms with customers usually within 12 months, the Group applied the practical expedient as permitted under IFRS 15 not to disclose the transaction price allocated to unsatisfied performance obligations as at 30 June 2023.



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 6 OTHER LOSSES, NET

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Net fair value gains/(losses) on derivatives	1,530	(13,388)
Fair value gains on financial assets at fair value through profit or loss	1,769	5,060
Net losses related to early termination of lease agreements and the disposal of related leasehold improvements	(1,223)	(14,392)
Net losses on disposal of property, plant and equipment	(468)	(6,781)
Donation	(1,050)	(54)
Net foreign exchange losses	(31,591)	(43,919)
Others	4,581	6,356
	<b>(26,452)</b>	<b>(67,118)</b>

## 7 EXPENSES BY NATURE

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Employee benefit expenses		964,109	771,313
Cost of course materials	17	156,411	135,079
Human resource outsourcing and other labour costs		119,355	76,615
Promotion expenses		45,513	31,928
Depreciation of right-of-use assets	13	31,902	68,035
Logistic expenses		39,581	44,056
Lease expenses	13	114,129	82,525
Classroom consumables		12,111	11,712
Meal expenses provided to students		10,051	12,728
Travel expenses		13,526	10,587
Office expenses		4,712	3,990
Depreciation of property, plant and equipment	11	21,277	31,495
Amortisation for intangible assets	12	49	55
Services fee for cloud storage		8,208	9,058
Property management costs		6,389	11,202
Tax and surcharge		9,652	8,053
Charges for licensed payment institutions		9,564	9,090
Listing expenses		—	20,415
Others		27,308	27,197
		<b>1,593,847</b>	<b>1,365,133</b>





# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 8 FINANCE INCOME/(COSTS) – NET

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Finance income:		
– Interest received	15,176	2,508
	<b>15,176</b>	2,508
Finance costs:		
– Finance cost on borrowings	–	(202)
– Finance cost on lease liabilities	(3,270)	(7,542)
– Net foreign exchange losses	(1,678)	(3,066)
	<b>(4,948)</b>	(10,810)
Finance income/(costs) – net	<b>10,228</b>	(8,302)

## 9 INCOME TAX CREDIT/(EXPENSE)

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Current income tax		
– Current income tax on profits before income tax for the period	9,387	7,200
Deferred income tax		
– (Increase)/decrease in deferred income tax assets	(15,162)	23,588
– Decrease in deferred income tax liabilities	–	(267)
Total deferred income tax benefit	<b>(15,162)</b>	23,321
Income tax (credit)/expense	<b>(5,775)</b>	30,521

### (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 assessable profits in Hong Kong during the period.



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

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

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

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the six months ended 30 June 2023 (2022: 25%).

A subsidiary of the Group in the PRC is approved as High and New Technology Enterprise, and accordingly, it was subject to a reduced preferential CIT rate of 15% for the six months ended 30 June 2023 (2022: 15%) 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 six months ended 30 June 2023 (2022: 20%).

### (iv) PRC Withholding Tax (“WHT”)

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

The Group does not have any plan in the foreseeable future to require its subsidiaries in mainland China to distribute their retained earnings and intends to retain them to operate and expand its business in mainland China. Accordingly, no deferred income tax liability related to Withholding tax on undistributed earnings was accrued as of the end of 30 June 2023 (2022: nil).

## 10 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing:

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

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Audited)
Earnings/(losses) attributable to equity holders of the Company (RMB’000)	<b>81,476</b>	(391,770)
Weighted average number of ordinary shares in issue (thousands) (Note a, Note b)	<b>2,036,908</b>	728,623
	<b>0.04</b>	(0.54)





# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 10 EARNINGS PER SHARE *(Continued)*

### (b) Diluted

Diluted earnings per share is calculated based on the adjusted profit attributable to owners of the Company for the six months ended 30 June 2023 by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Audited)
Earnings/(losses) attributable to equity holders of the Company (RMB'000)	<b>81,476</b>	(391,770)
Weighted average number of outstanding ordinary shares (thousands) (Note a, Note b)	<b>2,036,908</b>	728,623
Adjustments for:		
Weighted average number of share options (thousands)	<b>95,923</b>	—
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<b>2,132,831</b>	728,623
Diluted earnings/(losses) per share (RMB Yuan)	<b>0.04</b>	(0.54)

Note a: When calculating the basic and diluted earnings per share, the ordinary shares of 72,862,000 shares was treated as if it has been in issuance since 1 January 2022.

Note b: In the calculation of weighted average number of ordinary shares outstanding for the six months ended 30 June 2022, the share split occurred on 20 December 2022 had been retrospectively adjusted.

# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 11 PROPERTY, PLANT AND EQUIPMENT

	Machinery RMB'000	Electronic equipment RMB'000	Motor Vehicles RMB'000	Furniture, fittings and equipment RMB'000	Leasehold Improvements RMB'000	Total RMB'000	
<b>As at 1 January 2023</b>							
Cost	70,240	55,343	19,632	21,830	71,673	238,718	
Accumulated depreciation	(8,764)	(42,778)	(8,813)	(5,191)	(43,194)	(108,740)	
Net book amount	61,476	12,565	10,819	16,639	28,479	129,978	
<b>Six months ended 30 June 2023 (Unaudited)</b>							
Opening net book amount	61,476	12,565	10,819	16,639	28,479	129,978	
Additions	1,061	4,038	1,599	164	312	7,174	
Disposals	(723)	(5,287)	(1,103)	(1,572)	(1,304)	(9,989)	
Depreciation charge	(3,397)	(7,251)	(2,552)	(704)	(7,373)	(21,277)	
Closing net book amount	58,417	4,065	8,763	14,527	20,114	105,886	
<b>As at 30 June 2023 (Unaudited)</b>							
Cost	70,434	49,485	19,570	18,254	62,335	220,078	
Accumulated depreciation	(12,017)	(45,420)	(10,807)	(3,727)	(42,221)	(114,192)	
Net book amount	58,417	4,065	8,763	14,527	20,114	105,886	
	Machinery RMB'000	Electronic equipment RMB'000	Motor Vehicles RMB'000	Furniture, fittings and equipment RMB'000	Leasehold Improvements RMB'000	Construction in progress RMB'000	Total RMB'000
<b>As at 1 January 2022</b>							
Cost	59,463	91,648	28,963	27,156	133,387	—	340,617
Accumulated depreciation	(3,000)	(39,804)	(7,008)	(4,682)	(55,018)	—	(109,512)
Net book amount	56,463	51,844	21,955	22,474	78,369	—	231,105
<b>Six months ended 30 June 2022 (Audited)</b>							
Opening net book amount	56,463	51,844	21,955	22,474	78,369	—	231,105
Additions	394	2,337	1,887	404	3,940	10,432	19,394
Disposals	(1,987)	(21,567)	(8,004)	(2,910)	(20,190)	—	(54,658)
Depreciation charge	(2,949)	(9,304)	(3,317)	(613)	(15,312)	—	(31,495)
Closing net book amount	51,921	23,310	12,521	19,355	46,807	10,432	164,346
<b>As at 30 June 2022 (Audited)</b>							
Cost	57,721	59,377	20,192	23,947	96,120	10,432	267,789
Accumulated depreciation	(5,800)	(36,067)	(7,671)	(4,592)	(49,313)	—	(103,443)
Net book amount	51,921	23,310	12,521	19,355	46,807	10,432	164,346

No property, plant and equipment of the Group were pledged as security as at 30 June 2023 and 2022.



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 12 INTANGIBLE ASSETS

	<b>Computer software RMB'000</b>
<b>As at 1 January 2023</b>	
Cost	1,187
Accumulated depreciation	<u>(313)</u>
<b>Net book amount</b>	<b><u>874</u></b>
<b>Six months ended 30 June 2023 (Unaudited)</b>	
Opening net book amount	874
Disposals	<b>(431)</b>
Amortisation	<u>(49)</u>
<b>Closing net book amount as at 30 June 2023 (Unaudited)</b>	<b><u>394</u></b>
<b>At 30 June 2023 (Unaudited)</b>	
Cost	756
Accumulated depreciation	<u>(362)</u>
<b>Net book amount</b>	<b><u>394</u></b>
	Computer software RMB'000
<b>As at 1 January 2022</b>	
Cost	1,082
Accumulated depreciation	<u>(200)</u>
<b>Net book amount</b>	<b><u>882</u></b>
<b>Six months ended 30 June 2022 (Audited)</b>	
Opening net book amount	882
Amortisation	<u>(55)</u>
<b>Closing net book amount as at 30 June 2022 (Audited)</b>	<b><u>827</u></b>
<b>At 30 June 2022 (Audited)</b>	
Cost	1,082
Accumulated depreciation	<u>(255)</u>
<b>Net book amount</b>	<b><u>827</u></b>

# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 13 LEASES

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

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

The balance sheet shows the following amounts relating to leases:

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
<b>Right-of-use assets</b>		
Buildings	<b>134,230</b>	161,925
<b>Lease liabilities</b>		
Current	<b>(52,495)</b>	(62,628)
Non-current	<b>(84,555)</b>	(101,650)
	<b>(137,050)</b>	(164,278)

Additions to the right-of-use assets during the six months ended 30 June 2023 were RMB20,625,000 (2022: RMB17,210,000).

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

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

	<b>Six months ended 30 June</b>	
	<b>2023 RMB'000 (Unaudited)</b>	2022 RMB'000 (Audited)
Depreciation charge of right-of-use assets	<b>31,902</b>	68,035
Interest expense (included in finance cost)	<b>3,270</b>	7,542
Expense relating to short-term leases	<b>114,129</b>	82,525

The total cash outflow for short-term leases during the six months ended 30 June 2023 were RMB114,129,000 (2022: RMB82,525,000).

The total cash outflow for leases except for short-term leases during the six months ended 30 June 2023 were RMB29,289,000 (2022: RMB49,018,000).





# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 13 LEASES (Continued)

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

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

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

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

## 14 OTHER FINANCIAL ASSETS AT AMORTISED COST

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
<b>Other financial assets at amortised cost</b>		
Wealth management products (Note a)	<b>100,008</b>	41,071

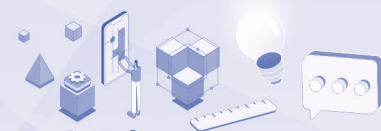
Note a: Other financial assets at amortised cost are short-term wealth management products, with guaranteed annual returns ranging from 4.0% to 4.6% for the six months ended 30 June 2023 (31 December 2022: 4.6%). The investments are held for collection of contractual cash flows and the contractual cash flows of these investments qualify for solely payments of principal and interest, hence they are measured at amortized costs. As at the date of issuance of this financial information, all of these other financial assets at amortised cost have been redeemed.

## 15 TRADE RECEIVABLES

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Trade receivables from contracts with customers	<b>43,614</b>	16,168
Loss allowance	<b>(784)</b>	(232)
	<b>42,830</b>	15,936

(a) Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(b) The credit terms given to trade customers are determined on an individual basis with normal credit period ranging from 30 to 90 days.



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 15 TRADE RECEIVABLES (Continued)

### (b) (Continued)

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

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Up to 1 month	17,376	8,005
1 to 2 months	7,662	4,560
2 to 3 months	7,297	1,810
3 to 6 months	5,065	445
6 to 12 months	4,867	785
1 to 2 years	1,347	563
	<b>43,614</b>	16,168

### (c) Impairment and risk exposure

The Group applies the IFRS 9 general approach to measuring expected credit losses for other receivables and applies the IFRS 9 simplified approach to trade receivables. The loss allowance for trade receivables at amortised cost was not material during the six months ended 30 June 2023 and 2022.

## 16 PREPAYMENTS AND OTHER RECEIVABLES

	Note	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
<b>Non-current portion:</b>			
Prepayments for property, plant and equipment		2,624	43
Deposits receivable		10,875	13,211
		<b>13,499</b>	13,254
<b>Current portion:</b>			
Advances to suppliers		24,458	26,455
Prepayments for taxes		437	573
Deposits receivable		12,486	11,632
Input VAT recoverable		12,517	7,753
Amount due from related parties	28(c)	2,615	2,843
Others		14,964	13,613
Loss allowance		(309)	(466)
		<b>67,168</b>	62,403
		<b>80,667</b>	75,657





# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 17 INVENTORIES

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Finished goods	<b>47,477</b>	50,524
Raw materials	<b>11,346</b>	25,055
Work in progress	<b>22,581</b>	18,594
	<b>81,404</b>	94,173

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

The cost of inventories recognised as an expense and included in cost of sales for the six months ended 30 June 2023 amounted to RMB156,411,000 (2022: RMB135,079,000) (Note 7).

Included in the finished goods related to consignment arrangement were RMB3,205,000 as of 30 June 2023 (31 December 2022: RMB1,357,000).

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

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Financial assets at fair value through profit or loss	<b>21,833</b>	20,033

### Amounts recognised in profit or loss

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

	<b>Six months ended 30 June 2023 RMB'000 (Unaudited)</b>	2022 RMB'000 (Audited)
Fair value gains on financial assets at fair value through profit or loss (see note 6)	<b>1,769</b>	5,060



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 19 SHARE CAPITAL AND SHARE PREMIUM

### Company

Authorized:	Number of ordinary shares	Nominal value of ordinary shares US\$'000
As at 1 January 2022	500,000,000	50
As at 30 June 2022	500,000,000	50
As at 1 January 2023 (Note a)	<b>5,000,000,000</b>	<b>50</b>
As at 30 June 2023	<b>5,000,000,000</b>	<b>50</b>

	Number of ordinary shares (Thousands)	Nominal value of ordinary shares US\$	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total share capital and share premium RMB'000
As at 1 January 2022	72,862	7,286	47	2,648,395	2,648,442
As at 30 June 2022 (Audited)	72,862	7,286	47	2,648,395	2,648,442
As at 1 January 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 (Note b)	20,000	200	1	160,103	160,104
Employee share option plan-exercise of share options (Note 20)	112,612	1,126	8	463,423	463,431
Conversion of preferred shares to ordinary shares (Note c)	1,348,685	13,487	92	11,673,545	11,673,637
As at 30 June 2023 (Unaudited)	2,209,920	22,099	148	14,945,466	14,945,614





# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 19 SHARE CAPITAL AND SHARE PREMIUM (Continued)

Note a: On 20 December 2022, the shareholders of the Company resolved a share subdivision (the “**Share Subdivision**”) pursuant to which each of the issued and unissued shares with par value of US\$0.0001 each be subdivided into ten shares of the Company with par value of US\$0.00001 each, after which, the authorized share capital of the Company shall be US\$50,000 divided into 5,000,000,000 shares with par value of US\$0.00001 each.

Note b: Upon completion of the IPO, the Company issued 20,000,000 new shares at par value of US\$0.00001 each for cash consideration of HK\$9.90 each, and raised gross proceeds of approximately RMB173,114,000. The respective share capital amount was approximately RMB1,000 and share premium arising from the issuance was approximately RMB160,103,000, net of the share issuance costs. The share issuance costs paid mainly include share underwriting commissions, lawyers’ fees, reporting accountant’s fee and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB13,010,000 were treated as a deduction against the share premium arising from the issuance.

Note c: According to the terms and conditions of the convertible preferred shares, each convertible preferred share should be automatically converted, based on the respective then-effective conversion price, without the payment of any additional consideration, into fully-paid and non assessable ordinary shares upon the closing of IPO. All convertible preferred shares of the Company were converted into ordinary shares upon completion of the IPO on 9 January 2023 accordingly. The differences of the fair value related to the convertible preferred shares between 31 December 2022 and the date of the conversion were then recognised in the profit or loss subsequent to the year end.

## 20 SHARE-BASED PAYMENTS

### (i) Share incentive schemes

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.



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 20 SHARE-BASED PAYMENTS (Continued)

### (i) Share incentive schemes (Continued)

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

- 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.

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

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

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

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

	Number of share options
<b>Outstanding as of 1 January 2023</b>	<b>218,500,500</b>
Forfeited during the period	(658,800)
Exercised during the period (Note a)	<u>(112,612,340)</u>
<b>Outstanding as of 30 June 2023</b>	<b>105,229,360</b>
— Exercisable as of 30 June 2023	<u>84,366,860</u>
<b>Outstanding as of 1 January 2022</b>	<b>17,797,695</b>
Granted during the period	781,570
Forfeited during the period	<u>(177,913)</u>
<b>Outstanding as of 30 June 2022</b>	<b>18,401,352</b>
— Exercisable as of 30 June 2022	<u>14,943,543</u>

The total expenses recognised in profit or loss in respect of the share-based compensations under the share incentive plans are RMB201,711,000 for the six months ended 30 June 2023 (2022: RMB83,188,000).

Note a:

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





# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

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

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

For the six months ended 30 June 2022, the Group used the discounted cash flow method to determine the underlying equity fair value of the Group. After the issuance of preferred shares by the Company, options-pricing method under equity allocation approach is also applied in the determination of respective fair values of ordinary shares and preferred shares. When calculating the fair value of the share option per unit, the Share Subdivision on 20 December 2022 was treated as if those share split had been occurred since 1 January 2022.

The weighted-average remaining contract life for outstanding share options was 7.59 years as of 30 June 2023 (30 June 2022: 8.56 years).

### (iii) Treasury shares

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

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

During the six months ended 30 June 2023, for the purpose of Pre-IPO Share Option Scheme, the Company issued 156,349,730 shares, including 155,299,730 shares to the trustee.

Pursuant to the rules of the 2023 Restricted Share Unit Scheme adopted by the Company in June 2023, the trustee of the 2023 Restricted Share Unit Scheme purchased from the market a total of 16,240,000 Shares at a total consideration of approximately HK\$58,169,000 (equivalent to RMB53,502,000) during the period on behalf of the Company as treasury shares, which was deducted from "treasury shares" under equity.

# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 21 OTHER RESERVES

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

	Capital reserves RMB'000	Statutory surplus reserves RMB'000 (Note a)	Share-based payment reserves RMB'000	Other comprehensive income RMB'000	Total RMB'000
<b>As at 1 January 2022</b>	<b>(9,029,398)</b>	<b>9,148</b>	<b>380,094</b>	<b>174,932</b>	<b>(8,465,224)</b>
Profit appropriation to statutory surplus reserves	—	498	—	—	498
Share-based compensation	—	—	83,188	—	83,188
Currency translation differences	—	—	—	(395,274)	(395,274)
<b>As at 30 June 2022 (Audited)</b>	<b>(9,029,398)</b>	<b>9,646</b>	<b>463,282</b>	<b>(220,342)</b>	<b>(8,776,812)</b>

### (a) Statutory surplus reserves

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

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





# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 22 TRADE AND OTHER PAYABLES

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
<b>Current liabilities</b>		
Trade payables	<b>31,728</b>	22,010
Accrued salaries, bonus and welfares	<b>249,675</b>	173,313
Tax payable (other than income tax payable)	<b>14,270</b>	16,543
Accrued auditor's remuneration	<b>1,910</b>	4,719
Other payables	<b>11,670</b>	22,003
	<b>309,253</b>	238,588

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

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Within 1 year	<b>31,659</b>	21,885
1 to 2 years	<b>69</b>	79
More than 2 years	<b>—</b>	46
	<b>31,728</b>	22,010

## 23 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
<b>Non-current liabilities</b>		
Convertible preferred shares		
— Series A preferred shares	—	8,940,747
— Series B preferred shares	—	2,728,037
<b>Current liabilities</b>		
Foreign currency option contracts	—	4,931
	—	11,673,715



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 23 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Beijing Fenbi Bluesky Technology Co., Ltd. (“**Beijing Fenbi Bluesky**”) was controlled by Chalk Ltd, an exempted company with limited liability incorporated in the Cayman Islands in February 2018 and a non-wholly owned subsidiary of YUAN Inc, through a series of contractual agreements. In order for the spin-off of from YUAN Inc and its subsidiaries and transfer the business to the Company and in preparation for the IPO of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited, the Group underwent the reorganization. On 31 December 2020, as the consideration of the spin-off of the Group from YUAN Inc, the Company issued 113,252,200 Series A preferred shares of the Company with a par value of US\$0.0001 each to the respective shareholders of YUAN Inc at nominal consideration, to reflect the beneficial ownership of the shareholders of YUAN Inc in the Listing Business (the “**Series A preferred shares**”).

Pursuant to the share purchase agreement dated 7 February 2021, Series B investors agreed to subscribe for 31,529,700 Series B preferred shares of the Company with par value of US\$0.0001 each (the “**Series B preferred shares**”). The Series A preferred shares and Series B preferred shares are called convertible preferred shares, collectively. All convertible preferred shares of the Company were converted into ordinary shares upon completion of the IPO on 9 January 2023.

### (i) Movements of convertible preferred shares are:

	<b>Six months ended 30 June</b>
<b>As at 31 December 2021</b>	8,756,164
Changes in fair value	2,031,793
Currency translation differences	880,827
	<hr/>
<b>As at 31 December 2022 (Audited)</b>	<b>11,668,784</b>
Changes in fair value	<b>4,853</b>
Currency translation differences	—
Converted to Ordinary Share	<b>(11,673,637)</b>
	<hr/>
<b>As at 30 June 2023 (Unaudited)</b>	<b>—</b>
	<hr/>

On 9 January 2023, the Company has successfully listed on the Main Board of the Stock Exchange. All convertible preferred shares were converted into ordinary shares upon completion of the IPO on 9 January 2023. The fair value of each of convertible preferred share on the conversion date is the Offer Price in the Global Offering.

Management considered that fair value changes in the Preferred Shares that are attributable to changes of credit risk of this liability are not significant.





# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 24 REFUND LIABILITIES

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
<b>Refund liabilities</b>		
Arising from right of refund	<b>221,724</b>	275,024

## 25 DEFERRED INCOME TAX

Movements in deferred income tax assets and deferred income tax liabilities during the period are as follows:

	<b>Six months ended 30 June 2023 RMB'000 (Unaudited)</b>	Year ended 31 December 2022 RMB'000 (Audited)
<b>Deferred income tax assets</b>		
<b>As at beginning of the period</b>	<b>37,467</b>	65,075
Charged/(credited) to profit or loss	<b>15,162</b>	(27,608)
<b>As at end of the period</b>	<b>52,629</b>	37,467
<b>Deferred income tax liabilities</b>		
<b>As at beginning of the period</b>	—	(267)
Credited to profit or loss	—	267
<b>As at end of the period</b>	—	—



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 26 DIVIDENDS

The Board did not propose an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

## 27 COMMITMENTS

As at 30 June 2023 and 31 December 2022, the Group did not have any significant capital commitments.

## 28 RELATED PARTY TRANSACTIONS

### (a) Names and relationships with related parties

Name of the related parties	Nature of relationship
Beijing Yuanli Technology Co., Ltd.	A subsidiary indirectly controlled by YUAN Inc
Tencent Cloud Computing (Beijing) Co., Ltd.	A subsidiary of Tencent, a shareholder of the Group
Tenpay Payment Technology Co., Ltd.	A subsidiary of Tencent, a shareholder of the Group
Beijing Fenbi Zhiwuya Technology Co., Ltd.	A subsidiary indirectly controlled by YUAN Inc
Shenzhen Tencent Computer Systems Co., Ltd.	A subsidiary of Tencent, a shareholder of the Group
Beijing Tencent Culture Media Co., Ltd.	A subsidiary of Tencent, a shareholder of the Group

\* The English names of certain companies referred to above represent the best efforts made by management of the Company to directly translate the Chinese names as they have not registered any official English names.

### (b) Transactions with related parties

During the six months ended 30 June 2023 and 2022, the Group had the following significant transactions with related parties.

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
<b>Sales of goods and services:</b>		
Beijing Yuanli Technology Co., Ltd. (i)	2	402
Beijing Yuanli Technology Co., Ltd. (ii)	1,228	—
	<b>1,230</b>	402

(i) This related party transaction represents revenue from providing training services.

(ii) This related party transaction represents revenue from providing printing services.





# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 28 RELATED PARTY TRANSACTIONS (Continued)

### (b) Transactions with related parties (Continued)

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
<b>Purchases of goods and services:</b>		
Tencent Cloud Computing (Beijing) Co., Ltd. (i)	4,578	5,133
Tenpay Payment Technology Co., Ltd. (ii)	5,144	3,982
Shenzhen Tencent Computer Systems Co., Ltd. (iii)	43	—
	<b>9,765</b>	<b>9,115</b>

- (i) This related party transaction represents cost paid to the related cloud store service.
- (ii) This related party transaction represents cost paid to the related payment service.
- (iii) This related party transaction represents cost paid to the related technical service.

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

Balances due from related parties	30 June	31 December
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
<b>Trade</b>		
Tencent Cloud Computing (Beijing) Co., Ltd.	2,392	2,840
Shenzhen Tencent Computer Systems Co., Ltd.	205	—
Beijing Yuanli Technology Co., Ltd. (i)	72	—
Beijing Tencent Culture Media Co., Ltd.	15	—
Beijing Fenbi Zhiwuya Technology Co., Ltd.	3	3
	<b>2,687</b>	<b>2,843</b>



# Notes to the Interim Financial Information

(Expressed in Renminbi Yuan unless otherwise indicated)

## 28 RELATED PARTY TRANSACTIONS *(Continued)*

### (d) Key management personnel compensation

Key management compensation which includes the emoluments of the executive directors and senior managements of the Company being disclosed are set out below:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Wages, salaries and bonuses	5,227	2,704
Contributions to pension plans	77	89
Welfare and other expenses	108	114
Share-based compensation expenses	78,015	34,734
	<hr/>	<hr/>
	83,427	37,641

## 29 SUBSEQUENT EVENTS

From 1 July 2023 to 28 July 2023, the Group paid an aggregate of HK\$14,780,000 to purchase 2,960,000 shares of the Company from the market which is recognized as “treasury shares” under reserves. As at the date of issuance of this interim financial information, no awarded shares have been granted pursuant to the restricted share unit scheme.





## Definition

“Audit Committee”	the audit committee of the Board
“Board of Directors” or “Board”	the board of directors of our Company
“CG Code”	the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules
“China” or “PRC”	People’s Republic of China, excluding, for the purposes of this interim report and for geographical reference only and except where the context requires otherwise, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan area
“Company,” “Fenbi,” “Group,” “we” or “us”	Fenbi Ltd. (粉筆有限公司), formerly known successively as Fenbi Education Technology Ltd. and Fenbi Technology Ltd., an exempted company incorporated under the laws of Cayman Islands with limited liability on December 14, 2020, and, except where the context indicated otherwise, all of its subsidiaries, or with respect to the period before our Company became the holding company of our current subsidiaries, the business operated by our present subsidiaries or their predecessors (as the case may be)
“COVID-19”	an infectious disease caused by a newly discovered coronavirus (severe acute respiratory syndrome coronavirus)
“Director(s)”	the director(s) of our Company
“Employee Participant(s)”	any employee (whether full-time or part-time), any director (including executive directors, non-executive directors and independent non-executive directors) of the Group, and any persons who are granted awards under the 2023 Restricted Share Unit Scheme or options under the 2023 Share Option Scheme as an inducement to enter into employment contracts with any member of the Group
“Fenbi Bluesky”	Beijing Fenbi Bluesky Technology Co., Ltd. (北京粉筆藍天科技有限公司), a limited liability company established under the laws of the PRC on February 25, 2015, and one of the consolidated affiliated entities, the financial accounts of which have been consolidated and accounted for as if they were subsidiaries of the Company by virtue of the contractual arrangements
“Global Offering”	the Hong Kong public offering and the international offering of the Company
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“IPO”	initial public offering
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	January 9, 2023, on which the Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange



“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“Mr. Zhang”	Mr. ZHANG Xiaolong (張小龍), our chairman of the Board, executive Director, chief executive officer and one of the Controlling Shareholders
“Nomination Committee”	the nomination committee of the Board
“Ocorian Trust Company”	Ocorian Singapore Trust Company Pte. Ltd., an Independent Third Party and professional trustee company established in Singapore, acting as the trustee of each of ZXL Family Trust and WL Family Trust
“Pre-IPO Share Option Scheme”	the pre-IPO equity incentive scheme adopted by the Company on December 31, 2020, as amended from time to time, the principal terms of which are summarized in “Statutory and General Information — D. Pre-IPO Share Option Scheme” in Appendix IV to the Prospectus
“Prospectus”	the prospectus of the Company dated December 23, 2022
“Related Entity Participant(s)”	the directors, chief executives and employees of the holding companies, fellow subsidiaries and associated companies of the Company, provided that the Board shall have absolute discretion to determine whether or not one falls within such category
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.0001 each
“Shareholder(s)”	holder(s) of our Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“USD” or “US\$”	United States dollars, the lawful currency of the United States
“WL Family Trust”	the discretionary trust established by Mr. WEI Liang as the settlor and the protector, with Ocorian Trust Company as the trustee, and the beneficiaries of the trust include Mr. Wei and his family members







## Definition

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

