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Fenbi Ltd.

粉筆有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2469)

GRANT OF RESTRICTED SHARE UNITS TO A DIRECTOR UNDER THE 2023 RSU SCHEME

This announcement is made pursuant to Rules 17.06A, 17.06B and 17.06C of the Listing Rules. The Board hereby announces that on April 17, 2024, the Company proposed to grant 7,000,000 RSUs to Mr. Wei, a substantial Shareholder, an executive Director, co-founder of the Group and president of the Company, under the 2023 RSU Scheme, subject to the acceptance by Mr. Wei. The Grant of RSUs has been reviewed and approved by the Remuneration Committee and the Board (including all independent non-executive Directors) and subject to the approval of the Shareholders at the AGM.

GRANT OF RSUS

On April 17, 2024, the Company proposed the Grant of RSUs, the details of which are set out below:

Date of the proposed Grant of RSUs	:	April 17, 2024
Total number of RSUs to be granted	:	7,000,000 RSUs, representing an aggregate of 7,000,000 Shares
Purchase price for the RSUs	:	Nil
Closing price of the Shares on the date of the proposed Grant of RSUs	:	HK\$4.29 per Share

- Vesting period of the RSUs : • 25% shall vest on the Grant Date;
- 25% shall vest on the first anniversary of the Grant Date;
 - 25% shall vest on the second anniversary of the Grant Date; and
 - 25% shall vest on the third anniversary of the Grant Date.

The vesting period for the first tranche of RSUs is shorter than 12 months. The Remuneration Committee and the Board (including the independent non-executive Directors) are of the view that a shorter vesting period for the first tranche can bring about immediate incentivization effect to Mr. Wei and is appropriate and in line with the purpose of the 2023 RSU Scheme to encourage and retain the grantees for the continual operation and development of the Group and motivate the grantees to maximize the value of the Company for the benefits of both the grantees and the Company. As the Grant of RSUs has a mixed vesting schedule such that the RSUs vest evenly over a period of three years, it is permitted under the rules of the 2023 RSU Scheme.

Performance target

- : There is no performance target attached to RSUs. The purpose of the 2023 RSU Scheme are to, amongst others, encourage and retain grantees for the continual operation and development of the Group and motivate the grantees to maximize the value of the Company for the benefits of both the grantees and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the grantees directly to the shareholders of the Company through ownership of Shares. Having considered that (i) Mr. Wei is an executive Director, co-founder of the Group and president of the Company who will contribute directly to the overall business performance and sustainable development of the Group; (ii) the Grant of RSUs can bring about immediate incentivization effect to Mr. Wei; (iii) the Grant of RSUs is a recognition for his past contributions to the Group; and (iv) the RSUs are subject to certain vesting conditions and terms of the 2023 RSU Scheme, which the vesting of the RSU is subject to Mr. Wei remaining at all times after the Grant Date and on the vesting date an eligible participant under the 2023 RSU Scheme, the Remuneration Committee and the Board (including the independent non-executive Directors) believe that without additional performance target, the grant of the RSUs could align the interests of Mr. Wei with that of the Company and the Shareholders, provide incentive to Mr. Wei to devote to the future continuous competitiveness, results of operation and growth of the Company, and reinforce his commitment to long term services of the Company, which is in line with the purpose of the 2023 RSU Scheme.

- Clawback mechanism : The Grant of RSUs is subject to the clawback mechanism under the 2023 RSU Scheme in the event that the Board determines Mr. Wei ceasing to be an eligible person by the reason of acts including without limitation:
- (i) the grantee’s service or employment with the Group has been terminated by any member of the Group for cause. For the purposes of this paragraph, “cause” means: dishonesty or serious misconduct, whether or not in connection with his employment, appointment or engagement; willful disobedience or non-compliance with the terms of his employment, appointment or engagement, agency or consultancy contract with any member of the Group or any lawful orders or instructions given by any member of the Group as the case may be; incompetence or negligence in the performance of his duties; or doing anything in the conclusive opinion of the Board adversely affects his ability to perform his duties properly or bring the Company or the Group into disrepute;
 - (ii) being summarily dismissed by any member of the Group;
 - (iii) being convicted of any criminal offence involving his integrity or honesty;
 - (iv) being charged, convicted or held liable for any offence under the relevant securities laws in Hong Kong or any other applicable laws or regulations in force from time to time;
 - (v) retiring by agreement with a member of the Group at any time prior to or on the vesting date.
- Arrangement for the Group to provide financial assistance to a grantee to facilitate the purchase of Shares : There are no arrangements for the Company or any of its subsidiaries to provide financial assistance to any grantees to facilitate the purchase of RSUs under the 2023 RSU Scheme.

Reasons and Benefits for the Grant of RSUs

The Grant of RSUs is to provide incentive and motivation to Mr. Wei, as well as to act as recognitions for Mr. Wei's significant contributions to the Company over the years. Mr. Wei is a substantial Shareholder, an executive Director, co-founder of the Group and president of the Company, who is primarily responsible for the overall management of tutoring business and technological matters of our Group since the founding of the business of the Group in February 2015. Under the leadership of Mr. ZHANG Xiaolong and the management of Mr. Wei, the Group has steadily expanded and developed since establishment and has successfully established "Fenbi" amid the most recognized brands in China's career test preparation industry.

The Remuneration Committee has reviewed and fully considered the Grant of RSUs, and are of view that, (i) Mr. Wei, as an executive Director, co-founder of the Group and president of the Company, has made significant contributions to the Company in managing the overall tutoring business and technological matters of our Group; (ii) the vesting arrangement for the Grant of RSUs is merit-based and serves as the Board's appreciation and recognition of Mr. Wei's contribution towards the growth of the Group; and (iii) the RSUs granted to Mr. Wei will provide sufficient incentive to retain Mr. Wei and motivate him to create more value in the Group's long-term development. Therefore, the Remuneration Committee is of view that the Grant of RSUs and the vesting arrangement will closely align the purpose of the 2023 RSU Scheme and the interests and benefits of the Group, the Board and the management of the Group, and thus is appropriate, fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Remuneration Committee approved the Grant of RSUs and recommended the same for the Board's approval.

Having considered the recommendations of the Remuneration Committee and the factors stated above, the Board (including all independent non-executive Directors) is of the view that the proposed Grant of RSUs is appropriate, fair and reasonable and in the interests of the Company and its Shareholders as a whole and approved the same. In determining the number of RSUs proposed to be granted to Mr. Wei, the Board (including all independent non-executive Directors) has considered the time commitment, duties, responsibilities of Mr. Wei as an executive Director, co-founder of the Group and president of the Company and the crucial role of Mr. Wei for the future development of the Group.

Listing Rules Implications

Mr. WEI Liang, and Mr. ZHANG Xiaolong, Mr. LI Xin and Mr. LI Yong, each being a concert party of Mr. Wei, have abstained from voting on the Board resolutions for considering and approving the Grant of RSUs. Mr. ZHANG Xiaolong and Mr. Wei have abstained from voting on the Remuneration Committee resolutions for considering and approving the Grant of RSUs. Save for the aforesaid, none of the Directors had a material interest in the resolutions approving the Grant of RSUs and the Grant of RSUs has been voted for and approved by the independent non-executive Directors in compliance with Rule 17.04(1) of the Listing Rules.

The Grant of RSUs, being the only grant of awards to Mr. Wei during the 12-month period up to the date of the proposed Grant of RSUs, represents in aggregate over 0.1% of the shares of the Company in issue as at the date of the proposed Grant of RSUs. Thus, in accordance with the terms and conditions of the 2023 RSU Scheme and Rules 17.04(2), 17.04(3) and 17.04(4) of the Listing Rules, the Grant of RSUs is subject to the approval of the Shareholders at AGM where Mr. Wei and his associates (as defined in the Listing Rules) and all core connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favour for the Grant of RSUs.

Subject to the Shareholders' approval on the Grant of RSUs, the number of Shares issued and to be issued in respect of all awards and options granted to Mr. Wei under the 2023 RSU Scheme and the 2023 share option scheme of the Company (excluding the Pre-IPO Share Option Scheme) in the 12-month period up to and including the date of the proposed Grant of RSUs would be 7,000,000 Shares, representing approximately 0.31% of the total issued Shares as at the date of this announcement. The Shares underlying the Grant of RSUs are and will be purchased from the market by ARK Trust (Hong Kong) Limited, the trustee of 2023 RSU Scheme and no new Share will be issued for the Grant of RSUs.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Wei is not (i) a participant with options and awards granted and to be granted exceeding the 1% individual limit under Rule 17.03D of the Listing Rules; or (ii) a related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the total issued Shares.

Number of Shares Available for Future Grant

As at the date of this announcement, excluding the Grant of RSUs above, an aggregate of 200,186,023 Shares will be available for further grant under the scheme mandate limit of the 2023 RSU Scheme, and 22,536,577 Shares will be available for future grants under the service provider sublimit of the 2023 RSU Scheme.

GENERAL

An ordinary resolution will be proposed at the forthcoming AGM for the Shareholders to consider and, if thought fit, approve the Grant of RSUs. A circular containing, among other things, (i) further information on the Grant of RSUs; and (ii) a notice convening the AGM, are expected to be despatched to the Shareholders in due course.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“2023 RSU Scheme”	the restricted share unit scheme adopted by the Company on June 14, 2023;
“AGM”	the annual general meeting of the Company to be held on June 13, 2024 or any adjournment thereof;
“associate(s)”	has the meaning as defined under the Listing Rules;
“Board”	the board of Directors;
“Company”	Fenbi Ltd. (粉筆有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2469);
“Director(s)”	director(s) of the Company;
“Grant Date”	the grant date of the Grant of RSUs;
“Grant of RSUs”	the proposed grant of 7,000,000 RSUs to Mr. Wei in accordance with the terms of the 2023 RSU Scheme;
“Group”	the Company, its subsidiaries and consolidated affiliated entities from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Wei”	Mr. WEI Liang (魏亮), a substantial Shareholder, an executive Director, co-founder of the Group and president of the Company;
“Remuneration Committee”	the remuneration committee of the Board;

“RSU(s)”	restricted share unit(s) granted under the 2023 RSU Scheme;
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.00001 each;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning as defined under the Listing Rules;
“US\$”	United States dollars, the lawful currency of the United States;
“%”	per cent.

By order of the Board
Fenbi Ltd.
ZHANG Xiaolong
Chairman

Hong Kong, April 17, 2024

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