



粉笔有限公司  
Fenbi Ltd.

(Incorporated in the Cayman Islands with limited liability)

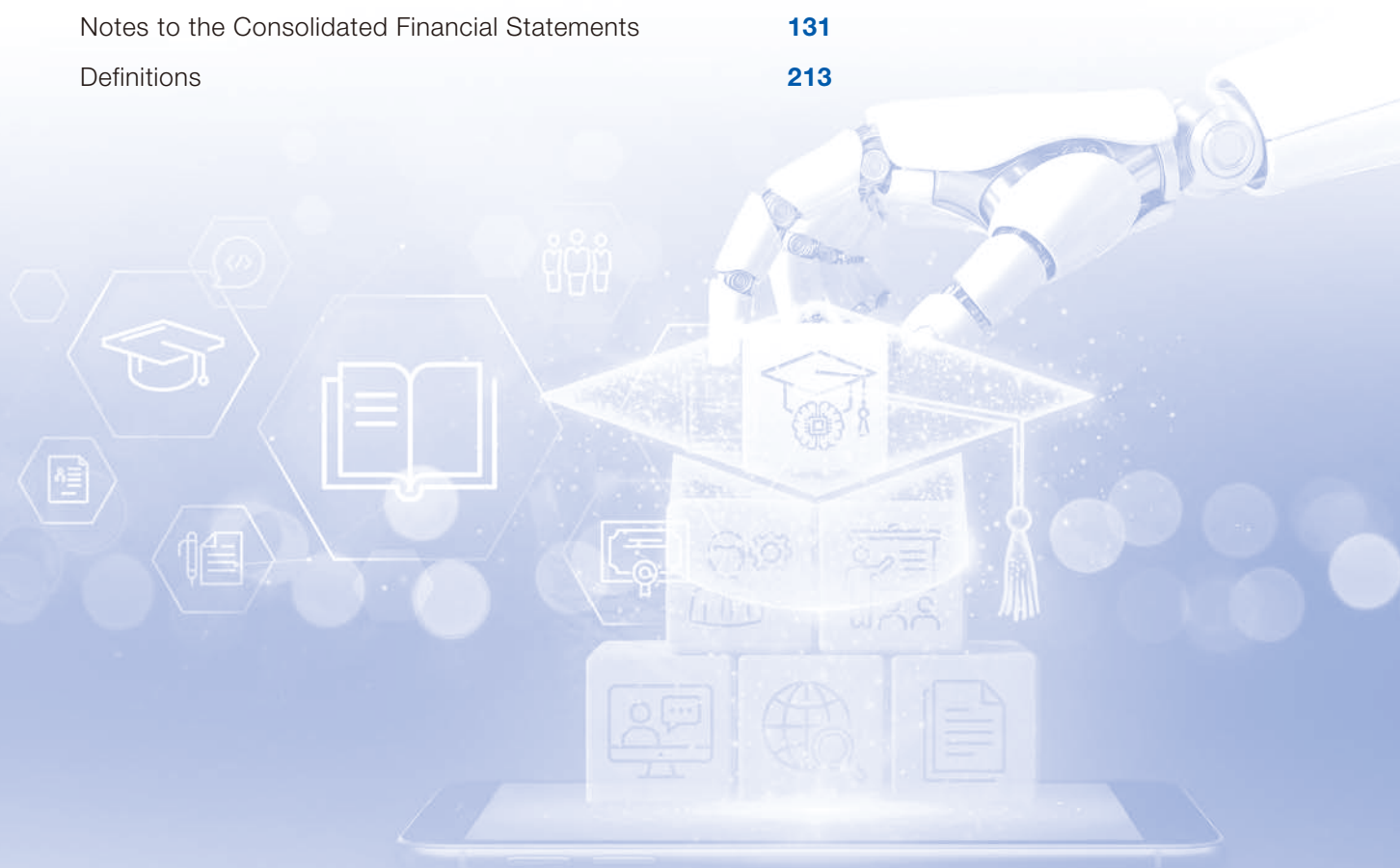
Stock Code: 2469



**2025**  
ANNUAL REPORT

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. ZHANG Xiaolong (*Chairman and Chief Executive Officer*)  
Mr. WEI Liang (*resigned on April 1, 2026*)

### Non-executive Directors

Mr. WU Zhenggao (*appointed on January 9, 2026*)  
Mr. LI Xin (*resigned on May 16, 2025*)

### 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. YUEN Kai Yiu Kelvin  
Ms. YUAN Jia  
Mr. WEI Liang (*resigned on April 1, 2026*)

## NOMINATION COMMITTEE

Mr. ZHANG Xiaolong (*Chairman*)  
Mr. QIU Dongxiao Larry  
Mr. YUEN Kai Yiu Kelvin  
Ms. YUAN Jia  
Mr. WEI Liang (*resigned on April 1, 2026*)

## JOINT COMPANY SECRETARIES

Ms. WANG Tao  
Ms. LEUNG Hoi Yan (*appointed on September 29, 2025*)

## AUTHORIZED REPRESENTATIVES

Mr. ZHANG Xiaolong (*appointed on April 2, 2026*)  
Mr. WEI Liang (*resigned on April 1, 2026*)  
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 2602, 26/F, Golden Centre  
188 Des Voeux Road Central  
Sheung Wan  
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  
The Hongkong and Shanghai Banking Corporation Limited  
HK Office CVC Branch  
China CITIC Bank, Beijing Branch

## HONG KONG LEGAL ADVISER

Han Kun Law Offices LLP  
Rooms 4301-10, 43/F, Gloucester Tower  
The Landmark, 15 Queen's Road 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



## Chairman's Statement

Dear Shareholders, Partners and Colleagues of Fenbi,

Hello everyone!

In 2025, driven by the dual catalysts of policy empowerment and technological innovation, the vocational education and training industry had experienced a golden era for development. As an industry leader, we perceptively identified tremendous market opportunities and bravely responding to the profound challenges in the competitive landscape. While the sustained strong demand for learning laid a solid foundation for the industry, students has raised their expectations for the value and efficiency of educational services, and the composition of market participants has been increasingly diverse, procuring us to inspect our path forward in a more pragmatic manner.

Looking back on the past year, we adhered to explore opportunities amid challenges and validate our business model through constant practice. We recognized that, even though the demand for recruitment examination trainings remained robust, the market competition had entered a new phase where numerous small institutions intensified the competition through low-price strategies, imposing real pressure on the growth of our traditional business. In response, instead of addressing passively, we proactively took technical innovation as our core driver and further advanced the “AI + Education” strategy, to forge a new path toward quality-driven growth.

During the year, the recruitment examination trainings market maintained high vitality. The number of applicants for the China National Civil Service Examination in 2025 had reached 3,416,000, representing an increase of 12.6% as compared with that of 2024, fully reflecting the strong market demand for quality vocational education resources. Against this backdrop, the monthly active users on Fenbi's platforms continued to increase, together with the simultaneous increase in user stickiness and willingness to pay, validating the market recognition on our “AI + Education” strategy. However, challenges were also obvious, student's ability and willingness to pay had been affected under the current economic environment, the remaining robust market demand from examination applicants also attracted numerous small institutions, which had diverted the market share to an extent by attracting students with low-price strategies in the past few years, affecting the pricing system in the market and students' choice for examination preparation. This continued to present serious challenges to the Company, and imposed considerable pressure on our revenue and profit over the past year.

Amid the challenges of current market competition, we relied on our long-standing commitment to technological research and development to actively seek better approaches for market expansion through technological empowerment. During the year, we focused on transforming AI technologies into perceptible and measurable teaching value. Leveraging the models in vertical fields to which it continuously put into effort, Fenbi innovatively launched a series of intelligent products, including the AI-empowered Exam Drilling System Class (AI刷題系統班) and AI Interview Evaluation (AI面試點評), continuously diversifying and improving its AI course ecosystem. AI learning analytics covers multiple scenarios such as civil service examinations, public institution recruitment, and corporate training, enabling precise diagnostics and personalized recommendations, substantially extending the breadth and responsiveness of our teaching services, and significantly improving user learning efficiency, which in turn has driven higher paid conversion rates and formed a practicable business growth model anchored in core technological capabilities. During the eight months from April 2025 to December 2025, the newly launched AI Practice Question System Class for written tests had already attracted nearly 300,000 paying users, with sales growth exceeding our expectations. Given that the paid conversion capability of the course system in new AI era far surpasses that of traditional online and offline courses, we are confident in securing long-term market share through AI-based offerings.



## Chairman's Statement

Looking ahead to 2026, the vocational education industry is expected to embrace broader development opportunities. We will deepen the “AI + Education” strategy, increasing investment in AI vertical models, technology research and development as well as AI product commercialization. Apart from strengthening this model in existing advantageous fields including civil service examinations and public institution recruitment, we will also systematically apply the well-functioned “AI + Education” framework to other recruitment examination categories across broader vocational education sectors. What we are building is not merely a collection of intelligent products, but a methodology for driving teaching and service upgrades through technological capability. This is our core action plan for navigating the new landscape and pursuing sustainable development.

Dear colleagues, Fenbi's growth is inseparable from the trust of our shareholders, the support of our partners, and the dedication of our employees. In 2025, we faced reality head-on, advancing our transformation with a pragmatic approach, and preliminarily validating the brand-new possibilities accompanied by technological empowerment. Looking ahead, Fenbi will continue to increase its investment in R&D of AI technologies and product innovation, consistently enhancing the quality of our intelligent teaching products and services. We remain committed to providing education solutions of higher quality and efficiency to a broader user base, creating greater value for our shareholders, and contributing more to the advancement of the vocational education and training industry!

**ZHANG Xiaolong**

*Chairman*

March 28, 2026

Beijing

# Results Highlights

	2021	2022	2023	2024	2025
<b>Operating Results</b>					
Employee	8,964	7,440	7,325	7,177	<b>7,005</b>
Full-time instructor	4,520	3,941	3,225	3,026	<b>2,870</b>
Other staff	4,444	3,499	4,100	4,151	<b>4,135</b>
Average monthly active user	6,504,300	7,945,237	9,078,177	9,139,463	<b>9,122,119</b>

## For the Year Ended December 31/ As of December 31,

	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Consolidated Statement of Profit and Loss (Selected Items)</b>					
Revenue	3,428,559	2,810,429	3,021,318	2,789,781	<b>2,676,628</b>
Profit/(loss) before income tax	(2,057,929)	(2,045,526)	204,953	262,039	<b>221,831</b>
Profit/(loss) for the year	(2,045,971)	(2,088,707)	188,566	239,570	<b>198,126</b>
Adjusted net profit/(loss) (non-IFRS measures)*	(822,357)	190,134	445,130	362,532	<b>281,152</b>

## Consolidated Statement of Financial Position (Selected Items)

Total assets	2,142,223	1,633,450	2,122,508	1,876,914	<b>1,848,894</b>
Total liabilities	10,376,863	12,496,462	854,764	673,475	<b>540,209</b>
Equity/(deficit) attributable to owners of the Company	(8,234,640)	(10,863,012)	1,267,744	1,203,439	<b>1,308,685</b>

Note:

\* See "Management Discussion and Analysis – non-IFRS measures" in this annual report.

# Management Discussion and Analysis

## BUSINESS OVERVIEW

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

We have followed an integrated approach to develop a comprehensive portfolio of career test preparation products and services that generate significant synergies. We deliver our tutoring services through omni-channels. Leveraging our online business strengths and the capability to integrate offline teaching resources, we have developed an advanced portfolio of course offerings:

- **Online learning products.** Online learning products include membership packages and challenge exercises. We offer members access to exam notes and tutorial videos for explaining exercises, news updates, hot topics, exercise sets, and course materials on the Fenbi online platform. The monthly price for membership packages of major subjects is generally between RMB20 and RMB70, based on the benefits and duration of the membership. The challenge exercises are generally priced between RMB99 and RMB598. Our system recommends different sets of exercises to students based on their areas of improvement and suitable difficulty level, which they can “pass through” one by one as they progress in the learning process. Students who achieve the target score within a prescribed period will be granted a partial or full refund of the purchase price. In 2025, revenue generated from the online learning products amounted to approximately RMB84.7 million.
- **Large-class tutoring courses.** Large-class tutoring courses are fully online live tutoring courses mainly including systematic courses, feature high-caliber instructors and well-designed curricula. These courses provide systematic knowledge explanations and relevant exercises to empower students throughout their examination preparation process. Our online large-class tutoring courses typically have over 1,000 students, with teaching durations ranging from 30 to 90 days and are generally priced between RMB300 and RMB1,280. In 2025, we launched the industry’s first innovative AI-empowered Exam Drilling System Class (AI刷題系統班), priced at RMB399. Based on Fenbi’s self-developed domain-specific large model, the courses can accurately diagnose each student’s learning status, assess each student’s learning outcomes, provide personalized course plans and review plans, dynamically adjust the student’s learning paths, and provide heuristic Q&A support. Adopting a dual-teacher model of “Distinguished Teachers + AI Digital Humans (名師+AI數字人)”, such courses enable personalized and efficient examination preparation. The new AI-empowered learning model overcomes the limitations of teaching methods, with which the students could only learn passively and follow routines. The new model enables the students to perform truly targeted revision based on individual weaknesses, with each AI course student benefiting from AI-driven personalized analysis that significantly enhances learning efficiency. Revenue generated from the large-class tutoring courses amounted to approximately RMB423.3 million in 2025, of which the AI-empowered Exam Drilling System Class contributed RMB38.1 million, becoming a core growth highlight of the large-class tutoring courses.

# Management Discussion and Analysis

- Small-class tutoring sessions. Small-class tutoring sessions are primarily conducted online or through an integrated online and offline teaching model. Our written test classes for major subjects typically have 30 to 60 students, with tutoring durations ranging from 30 to 120 days. The written test classes for civil servants examination are generally priced over RMB7,000. Our interview test classes for major subjects typically have 8 to 12 students, with tutoring durations ranging from 5 to 15 days. The interview test classes for civil servants examination are generally priced over RMB8,000. Our small-class tutoring sessions offer personalized tutoring services for students, utilizing the internet to effectively manage the quality of our teaching staff and their teaching performance, ensuring consistent teaching results across different classes thereby gradually achieving the brand recognition for our course products. Leveraging our proprietary technology and extensive learning behavior data, our online learning system tracks students' learning paths and provides real-time feedback on their weaknesses, significantly enhancing the teaching efficiency of teachers, and providing each student with personalized and targeted holistic learning solutions based on the continuously accumulated relevant data. In 2025, revenue generated from the above small-class tutoring sessions amounted to approximately RMB1,738.1 million.
- Other tutoring courses. Other tutoring courses include special tutoring courses and promotional courses. In 2025, we launched innovative AI-specific courses, including AI interview evaluation for state-owned enterprise recruitment and AI interview evaluation for teacher certification. Leveraging multimodal technology and a sample dataset of over 400,000 users, we achieved multi-dimensional intelligent scoring and visualized feedback, effectively addressing the timeliness and standardization challenges of manual evaluation. To date, revenue generated from other tutoring courses amounted to approximately RMB43.2 million in 2025, effectively expanding our technology service scenarios.

We operate a scalable business benefiting from our solid online presence, in-depth empowerment by self-developed AI technologies and the significant synergies achieved through an innovative online-merge-offline model. We are the first internet-born recruitment examination tutoring service provider that integrated offline resources and achieved economies of scale in omni-channels to create unique competitive advantages.

## OUTLOOK

In 2025, amid fierce competition, we chose to hold our ground. Fenbi has always maintained a strategic resolve, adhering to our own path. Firstly, we refuse to produce homogeneous, low-quality products. While maintaining reasonable product margins, we continuously improve our teaching research services, safeguard the core interests of our outstanding employees, maintain the stability of our core team, and meanwhile continue to attract outstanding talents in the industry. Secondly, we continuously optimize investments in product technology to enhance user experience on our App. As a result, both the number of app users and their activity levels are constantly increasing. Although some users may not purchase our products, they continue to use the Fenbi's App.

In 2025, the government issued several policy documents in China, including the Guiding Opinions on Launching Large-Scale Vocational Skills Enhancement Training Initiatives (《關於開展大規模職業技能提升培訓行動的指導意見》) and the Opinions on Deepening the Reform of Key Teaching Elements in Vocational Education (《關於深化職業教育教學關鍵要素改革的意見》), clearly stating the need to accelerate the development of a skills-oriented society, supporting the use of digital and AI technologies to empower vocational education and training, and expanding the scenarios for vocational learning services. These policies have provided us with both policy guidance and room for growth when we expand our presence in the workplace service sector and deepen the application of AI in vocational exam preparation and skills enhancement. They have also brought new opportunities to us to continue refining our teaching and research services and to serve a broader community of vocational learners.



## Management Discussion and Analysis

Most importantly, relying on years of accumulation in data technology, we have successfully built Fenbi's proprietary AI product matrix and continued to promote its iteration and upgrading. In April 2025, Fenbi launched the online AI-empowered Exam Drilling System Class (AI刷題系統線上班), shifting from responsive assistance to systematic and personalized learning planning, driving student-centered self-driven growth and earning high praise from students. From October to November 2025, Fenbi successively launched AI interview evaluation courses for teacher certification and state-owned and central enterprise recruitment, marking its official expansion into a broader range of workplace service scenarios. By the end of 2025, the AI Interview Class (AI面試班) was officially launched, featuring expanded evaluation dimensions, intuitive feedback, and flexible learning paths, serving as a readily available "online examination preparation partner" for candidates. For Fenbi, AI is no longer just a concept but a powerful driver of productivity.

Meanwhile, we still face challenges posed by intense market competition. Since April 2025, following the launch of Fenbi's AI-empowered tutoring courses, the relevant sales have grown rapidly. However, throughout the whole year, although a clear trend of easing industry competition was observed in the second half of 2025, the competitive pressure from small institutions has persisted. These small institutions, employing low-price competition strategies, have significantly disrupted the industry's pricing system and taken up certain market share, which has a certain impact on our overall revenue, leading to a decline in its overall revenue generated from large-class tutoring courses. Nevertheless, our overall large-class tutoring course system has maintained its corresponding market share. Benefiting from the launch and rapid growth of the newly introduced AI-empowered large-class tutoring courses, the overall number of sales orders of large-class tutoring courses has increased. However, as the average price per AI-empowered tutoring course is lower than that of traditional large-class tutoring course, the overall revenue generated from large-class tutoring courses has still declined amid continued pressure on sales of traditional large-class tutoring courses. In addition, benefiting from the easing industry competition and the larger student base brought by AI-empowered tutoring courses, Fenbi's small-class tutoring course system has resumed growth in 2025, with overall revenue generated from small-class tutoring courses showing a significant increase compared with the previous year.

Specifically, in 2026, we will continue to accelerate the development of online AI-empowered tutoring courses. For written exams, building on the AI-empowered tutoring courses for civil servants and state-owned enterprises exams successfully launched in 2025, we will expedite the rollout of AI-empowered written exam courses for teachers and other relevant subjects. Meanwhile, for interviews, the AI Interview Classes for civil servants and state-owned enterprises exams have already been officially launched. We are confident that such interview courses – for which there are currently no comparable offerings in the market – will serve as a key driver of our profitability in 2026. With respect to small-class tutoring courses, we believe the recovery trend observed in 2025 will continue into 2026. Although there is competitive pressure from small institutions competitors, the overall market competition environment has shown clear signs of easing. We will continue to exercise pricing discipline and maintain steady sales for our small-class tutoring courses. Supported by the new traffic of students driven by our AI technologies, our small-class tutoring courses will also receive strong traffic support.

In addition, we are also well aware that AI cannot replace all services. Good AI technology must be deeply integrated with industry-specific data and experience to enhance service precision. In light of the rapid evolution of large models, small models in vertical fields must evolve faster and more accurately than large models within their own domains for AI products to be valuable. We currently have sufficient internal resources. While maintaining the pace of increasing AI R&D investment, in 2026, we must continuously increase our investment in products, technology, and computing power. Specifically, we will increase capital investment in the following areas, including but not limited to: expanding the number of technical development personnel, recruiting more experienced technical staff, increasing investment in AI computing power leasing, increasing the number of AI research and development projects, exploring AI technology applications in various aspects within the education sector, and developing AI hardware devices, to ensure that our AI products maintain absolute leadership in the industry. At the same time, our traditional strengths in high-quality teaching research and thoughtful services must be preserved and continually upheld.

# Management Discussion and Analysis

Although AI technology has brought unprecedented transformation to the industry, the current AI technology is not yet fully mature. Any new technology requires time for integration and refinement, as well as deep integration with the industry, accompanied by risks inherent in the early stages of development. We recognize that AI evolution depends on comprehensive online data. Consequently, we prioritize mitigating potential legal risks related to student data security and privacy, ensuring these remain central to our compliance framework during technology development. We will enhance our efforts and investment in this regard. Meanwhile, the rapid advancement of AI presents a transformative challenge for our teachers. Striking a strategic balance between human-centric pedagogy and AI-driven instruction is critical to ensuring quality and consistency in our course delivery and services. Fenbi AI currently does not directly participate in the teaching process. Strengthening the integration between teachers and AI will be a core focus in delivering optimized course services going forward.

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

## FINANCIAL REVIEW

### Revenue

Our revenue decreased by 4.1% from RMB2,789.8 million in 2024 to RMB2,676.6 million in 2025. The following table sets forth a breakdown of our revenue, both in absolute amount and as a percentage of total revenue, by business line for the years indicated.

	Year ended December 31,			
	2025		2024	
	RMB'000	%	RMB'000	%
<b>Tutoring services</b>	<b>2,289,263</b>	<b>85.5</b>	2,340,790	83.9
<b>Sales of books and others</b>	<b>387,365</b>	<b>14.5</b>	448,991	16.1
<b>Total</b>	<b>2,676,628</b>	<b>100.0</b>	2,789,781	100.0

- Tutoring services.* Our revenue generated from tutoring services decreased by 2.2% from RMB2,340.8 million in 2024 to RMB2,289.3 million in 2025, primarily due to a decrease in sales of our tutoring services, which was mainly attributable to a decrease in revenue in large-class tutoring courses, which was mainly because the sales of traditional large-class tutoring courses was subject to the intensifying low-price competition in the recruitment examination tutoring industry from small institutions in China. The overall number of sales orders of large-class tutoring courses increased in 2025, primarily due to the growing number of sales orders of our AI-empowered tutoring courses launched in April 2025. Nevertheless, such sales growth was partially offset by the decrease in average sales price per AI-empowered tutoring course.
- Sales of books and others.* Revenue generated from sales of books and others 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 and others decreased by 13.7% from RMB449.0 million in 2024 to RMB387.4 million in 2025, primarily due to increased market competition and a decrease in sales of books, which was primarily attributable to the decrease in the sales volumes. The decrease in sales of physical books and learning materials is generally in line with the recent trend of customers shifting from physical books to e-books in China.

# Management Discussion and Analysis

## Cost of revenue

Our cost of revenue decreased by 6.2% from RMB1,325.8 million in 2024 to RMB1,243.5 million in 2025, primarily due to the following:

- *Tutoring services.* Our cost of revenue related to tutoring services decreased by 4.4% from RMB1,029.3 million in 2024 to RMB983.6 million in 2025, largely in line with the decrease in revenue generated from such business segment.
- *Sales of books and others.* Our cost of revenue related to sales of books and others decreased by 12.3% from RMB296.5 million in 2024 to RMB259.9 million in 2025, largely in line with the decrease in revenue generated from such business segment.

## Gross profit and gross profit margin

Our gross profit decreased by 2.1% from RMB1,464.0 million in 2024 to RMB1,433.1 million in 2025, and the corresponding gross profit margin increased from 52.5% to 53.5%. The following table sets forth a breakdown of our gross profit and gross profit margin by business line for the years indicated.

	Year ended December 31,			
	2025		2024	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
<b>Tutoring services</b>	<b>1,305,705</b>	<b>57.0</b>	1,311,510	56.0
<b>Sales of books and others</b>	<b>127,424</b>	<b>32.9</b>	152,468	34.0
<b>Total</b>	<b>1,433,129</b>	<b>53.5</b>	1,463,978	52.5

- *Tutoring services.* Our gross profit margin for tutoring services remained relatively stable at 56.0% in 2024 and 57.0% in 2025, respectively.
- *Sales of books and others.* Our gross profit margin for sales of books and others remained relatively stable at 34.0% in 2024 and 32.9% in 2025, respectively.

## Administrative expenses

Our administrative expenses decreased by 6.9% from RMB411.4 million in 2024 to RMB383.1 million in 2025, primarily due to a decrease in share-based payments.

## Selling and marketing expenses

Our selling and marketing expenses increased by 2.1% from RMB630.9 million in 2024 to RMB644.0 million in 2025, primarily due to an increasing investment in the commercialization of AI products as a result of the launch of our AI-empowered tutoring courses during the year.

# Management Discussion and Analysis

## Research and development expenses

Our research and development expenses increased by 10.6% from RMB221.1 million in 2024 to RMB244.6 million in 2025, primarily due to an increasing investment in research and development and the increasing number of research and development personnel, primarily because we increased our investment in the development of our AI-empowered tutoring courses during the year.

## Net impairment losses on financial assets

Our net impairment losses on financial assets increased from RMB0.2 million in 2024 to RMB1.1 million in 2025, primarily due to the provision for impairment of other receivables.

## Other income

Our other income decreased by 23.5% from RMB22.2 million in 2024 to RMB17.0 million in 2025, primarily due to a decrease in government grants.

## Other gains, net

Our other gains, net increased from RMB4.7 million in 2024 to RMB11.5 million in 2025, primarily due to a decrease in net foreign exchange losses; a decrease in net fair value losses on derivatives; and gains from the termination of lease agreements.

## Finance income, net

Our finance income, net decreased by 4.3% from RMB34.8 million in 2024 to RMB33.3 million in 2025, primarily due to a decrease in the bank interest rates, resulting in a decrease in interest income.

## Profit before income tax

As a result of the foregoing, we recorded profit before income tax of RMB262.0 million in 2024 and RMB221.8 million in 2025.

## Income tax expense

Our income tax expense increased by 5.5% from RMB22.5 million in 2024 to RMB23.7 million in 2025, primarily because our certain subsidiaries became profitable and therefore incurred income tax payment.

## Profit for the year

As a result of the foregoing, we recorded net profit of RMB239.6 million and RMB198.1 million in 2024 and 2025, respectively, representing net profit margin of 8.6% and 7.4%, respectively.

## Non-IFRS measure

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

# Management Discussion and Analysis

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

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
<b>Profit for the year</b>	<b>198,126</b>	239,570
<i>Add:</i>		
Share-based payments	<b>83,026</b>	122,962
<b>Adjusted net profit (non-IFRS measure)</b>	<b>281,152</b>	362,532

## Property, plant and equipment

Our property, plant and equipment consisted of machinery, electronic equipment, motor vehicles, furniture, fittings and equipment, construction-in-progress, and leasehold improvements. Our property, plant and equipment decreased from RMB80.6 million as of December 31, 2024 to RMB70.9 million as of December 31, 2025, primarily due to depreciation of machinery and equipment and amortization of leasehold improvements.

## Right-of-use assets

Our right-of-use assets primarily consisted of office premises for our offline operations and classroom-based tutoring venues under long-term leases. Our right-of-use assets decreased from RMB91.5 million as of December 31, 2024 to RMB75.0 million as of December 31, 2025, primarily due to amortization of the right-of-use assets for leased premises.

## Prepayments and other receivables

Our prepayment and other receivables primarily consisted of prepayment paid, security deposits and external borrowings to our suppliers in our daily operations, such as landlords and property management service providers in connection with the leased properties for our classroom-based tutoring, as well as paper suppliers. Our prepayment and other receivables increased from RMB129.3 million as of December 31, 2024 to RMB132.8 million as of December 31, 2025, primarily due to an increase in the prepayments in relation to the marketing activities.

## Inventories

Our inventories primarily consisted of finished goods, raw materials and work in progress primarily in connection with our sales of textbooks and learning materials. Our inventories decreased from RMB77.0 million as of December 31, 2024 to RMB67.7 million as of December 31, 2025, primarily due to a decrease in the revenue from the sales of books and a decrease in the inventory resulting from improved inventory turnover rate management.

## Trade receivables

Our trade receivables primarily consisted of amounts due from third-party book sellers for our textbooks and learning materials. We generally grant third-party book sellers a credit period of no more than 60 days. Our trade receivables increased from RMB20.6 million as of December 31, 2024 to RMB26.8 million as of December 31, 2025, primarily because the dealers stocked up in advance for the peak sales season.

# Management Discussion and Analysis

## Financial assets at fair value through profit or loss

Our financial assets at fair value through profit or loss primarily consisted of our investments in wealth management products. Our financial assets at fair value through profit or loss increased from RMB123.8 million as of December 31, 2024 to RMB132.1 million as of December 31, 2025. The table below sets forth the details for the wealth management products as of December 31, 2025:

Name of financial institution/ counterparty	Name of the Wealth Management Product	Nature of the Wealth Management Product	Investment Period	Carrying amount as at December 31, 2025 RMB'000	% of the Group's total assets as at year end date	Credit Rating	Regulated Financial Institution
China CITIC Bank (中信銀行)	CITIC WM Anyingxiang Fixed Income Stable Profit 7-Day Holding Period No. 100 (信銀理財安盈象固收穩利七天持有期100號理財產品)	Non-guaranteed variable return	2025/4/22- the date of this annual report	10,108	0.5%	A-(S&P)	Yes
United Overseas Bank Singapore	UOB PB ASIAN FIXED INCOME FUND USD	Non-guaranteed variable return	2025/8/12- the date of this annual report	14,246	0.8%	AA-	Yes
	BOCOM Tokyo Bond	Non-guaranteed fixed return	2025/10/28-2026/9/4	4,097	0.2%	AA-	Yes
	ICBC London Bond	Non-guaranteed fixed return	2025/10/31- 2026/10/30	16,346	0.9%	AA-	Yes
	BOCHK Bond	Non-guaranteed fixed return	2025/11/12-2026/11/4	21,108	1.1%	AA-	Yes
Gulf Line Capital Advisors Limited	Participating Shares in Multi Strategy SP I of GL Capital International Fund SPC-Class A Shares	Non-guaranteed variable return	2025/2/18-2026/1/8	14,307	0.8%	/	Yes
	Participating Shares in Multi Strategy SP I of GL Capital International Fund SPC-Class S2 Shares	Non-guaranteed variable return	2025/7/2- the date of this annual report	50,093	2.7%	/	Yes
Royal Bank of Canada	GIC Investment	Guaranteed variable return	2025/6/30-2026/6/30	1,791	0.1%	A	Yes
				<b>132,096</b>	<b>7.1%</b>		

To our best knowledge, each of the counterparties listed above is an independent third party.

We made acquisitions of wealth management products and structured deposits in order to preserve the time value of the cash reserves and to fund our business. We only invested in wealth management products and structured deposits when we had surplus cash that is not required for our short-term working capital purposes. Before making acquisitions, we would take into consideration a combination of factors, including low risk, high liquidity, reasonable returns of such wealth management products and structured deposits, and whether such investments could diversity of our investment portfolio to minimize risk exposure.

During the year ended December 31, 2025, we had followed a set of stringent investment and treasury policies to manage our capital resources and mitigate potential risks involved. We would only use surplus fund to invest in financial products (including wealth management products and structured deposits) and short-term notes. Such investments typically consisted of low-risk products issued by financial institutions, and were redeemable on demand or within a short period after purchase.

# Management Discussion and Analysis

We have strictly followed the internal control procedures in relation to the purchase and redemption of financial products and short-term notes, including:

- (1) following the approval procedures for the purchase and redemption of financial products and short-term notes as outlined in the Fund Management Measures (資金管理辦法); and
- (2) assessing the financial products and short-term notes' respective terms, including among others, liquidity, risk and expected return by the Finance Department before submitting them to the chief financial officer for final decision.

## Trade and other payables

Our trade and other payables primarily consisted of trade payables, accrued salaries and bonus and tax payables. Our trade and other payables decreased from RMB232.7 million as of December 31, 2024 to RMB182.2 million as of December 31, 2025, primarily due to a decrease in bonus payable to employees, which was determined with reference to our revenue, and we recorded a decrease in revenue in 2025 compared with 2024.

## Contract assets

Contract assets primarily represented our right to consideration in relation to our postpaid contractual classes that allow for postponed payment of a portion of the course fees only upon passing the relevant examinations. Our contract assets decreased from RMB12.8 million as of December 31, 2024 to RMB10.7 million as of December 31, 2025, due to a decrease in sales of our tutoring services, which was mainly attributable to the intensifying competition in the recruitment examination tutoring industry in China.

## Other financial assets at amortized cost

Our other financial assets at amortized cost consisted of a short-term note issued by Wanhai Financial Holdings (HK) Limited (“**Wanhai**” or the “**Borrower**”), with guaranteed annual returns of 5.0% per annum for the year ended December 31, 2025. Our other financial assets at amortized cost decreased from RMB65.5 million as of December 31, 2024 to RMB55.4 million as of December 31, 2025, primarily because partial investment was redeemed in 2025.

We acquired the short-term note issued by Wanhai a regulated financial institution and an independent third party, on May 30, 2025, and the investment period for such short-term note was expected to end on May 29, 2026. Historically, the annualized return of the short term notes issued by Wanhai ranged from 4.6% to 5% over the three years ended December 31, 2025 with no default record. The short term note is unconditionally and irrevocably guaranteed as a primary obligation by Fortune Origin Securities Limited (the “**Guarantor**”). The Borrower and the Guarantor were both incorporated in Hong Kong.

We made significant acquisitions of short-term notes in order to improve the efficiency of our idle fund. We would only make acquisitions after taking into consideration a combination of factors, such as liquidity needs, risk, and expected returns of such short-term notes. Please refer to the section headed “Financial Review – Financial Assets at Fair Value through Profit or Loss” in this report for details of the investment and treasury policies adopted by us, and the internal controls implemented over the relevant acquisitions in relation to the short-term note.

# Management Discussion and Analysis

We apply the IFRS 9 general approach to measuring expected credit losses for other financial assets at amortized cost. Our Directors consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the relevant years. To assess whether there is a significant increase in credit risk, we compare the default risk in relation to the assets as at the reporting date with the default risk as at the date of initial recognition. The following indicators are taken into consideration, in particular:

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.
- actual or expected significant changes in the operating results of the counterparty.
- significant changes in the expected performance and behavior of the counterparty, including changes in the payment status of the counterparty.

As at the reporting date, we believed that the credit risk on the other financial asset ("**Subject Financial Asset**") had not increased significantly since its initial recognition based on the following credit risk analysis conducted by Asia-Pacific Consulting and Appraisal Limited (the "**Valuer**"), an independent valuer engaged by us:

- *No significant changes of the credit rating of the Borrower:* the Valuer compared the credit ratings of the Subject Financial Asset calculated with Wanhai's historical financial performance and Moody's rating methodology for securities industry, there were no significant changes of the industry rating & scoring table issued by Moody's and the implied credit rating of Wanhai as at the reporting date with that as at the date of initial recognition;
- *Stability of business and financial condition:* based on the recent financial information of the Borrower and Guarantor, no material adverse changes had occurred or were anticipated in their business, financial condition or operating performance;
- *No history of default or delayed payment:* we invested in a note instrument issued by the same Borrower with the same Guarantor on August 23, 2023 with an interest rate of 4.6% and a duration of 7 months. All the principal and interest of such note instrument were repaid in full upon maturity. In May 2025, we received the interest payment in relation to the Subject Financial Asset and entered into a supplemental agreement with the Borrower to extend the maturity by one year, with the new maturity date being May 29, 2026.

Based on the analysis above, we believed that there were no significantly increased credit risk of the Subject Financial Asset as of the reporting date, and measured the loss allowance for the Subject Financial Asset based on 12-month expected credit losses. The Valuer adopted probability-weighted default model by considering multiple forward-looking scenarios based on probability of default and loss given default corresponding to the credit rating of the Borrower (calculated by Moody's rating methodology as mentioned above), from Moody's annual default study. Based on the model, the loss allowance ratio of the Subject Financial Asset was calculated to be 1.77%.

## Contract liabilities

Our contract liabilities primarily represented prepaid course fees we received from our students for our tutoring services, for which our performance obligation had not been satisfied. Our contract liabilities decreased from RMB140.4 million as of December 31, 2024 to RMB131.1 million as of December 31, 2025, primarily due to a decrease in sales of our tutoring services, which was mainly attributable to the intensifying competition in the recruitment examination tutoring industry in China.

# Management Discussion and Analysis

## 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 RMB173.5 million as of December 31, 2024 to RMB137.6 million as of December 31, 2025, primarily due to a further decreased percentage of our contractual classes for which we expect withdrawals or no-pass refund requests in 2025 compared with 2024, mainly attributable to the adjustment in our business development strategy.

## Liquidity and capital resources

In 2025, our primary use of cash is to fund the daily operations of our business. We financed our capital expenditures and working capital requirements primarily through cash generated from our operating activities.

We have continued to maintain a healthy and sound financial position and have followed a set of funding and treasury policies to manage our capital resources and mitigate potential risks involved. Our net current assets increased from approximately RMB830.1 million as of December 31, 2024 to approximately RMB934.3 million as of December 31, 2025, primarily due to the enhanced management of our working capital and liquidity risk, increasing current assets whilst focusing on reducing current liabilities.

## Cash and cash equivalents

Our cash and cash equivalents primarily consisted of bank deposits on demand. Our cash and cash equivalents decreased from RMB946.0 million as of December 31, 2024 to RMB869.1 million as of December 31, 2025, primarily due to an increase in the net cash used in investing activities in 2025, which was mainly attributable to the purchase of financial products, compared with our significant net cash generated from investing activities in 2024, which was primarily due to the redemption of financial products.

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

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Net cash generated from operating activities	<b>226,322</b>	290,958
Net cash (used in)/generated from investing activities	<b>(74,498)</b>	469,446
Net cash used in financing activities	<b>(213,069)</b>	(498,660)
Net (decrease)/increase in cash and cash equivalents	<b>(61,245)</b>	261,744
Cash and cash equivalents at beginning of the year	<b>945,953</b>	671,530
Exchange difference	<b>(15,567)</b>	12,679
Cash and cash equivalents at the end of the year	<b>869,141</b>	945,953

# Management Discussion and Analysis

## Net cash generated from operating activities

Our cash generated from operating activities was primarily related to course fees, which were typically paid in advance prior to the beginning of relevant courses, and to a lesser extent, the sales of in-house developed textbooks and learning materials. In 2025, our net cash generated from operating activities was RMB226.3 million, primarily attributable to our profit before tax of RMB221.8 million, adjusted for (1) certain non-cash and non-operating items, primarily including non-cash employee benefits expense in relation to share-based payments of RMB83.0 million, depreciation of right-of-use assets of RMB53.7 million and depreciation of property, plant and equipment of RMB17.2 million, partially offset by finance income, net of RMB33.3 million and fair value gains on financial assets at fair value through profit or loss of RMB9.5 million, and (2) changes in working capital that negatively affected the cash flow, primarily including a decrease in trade and other payables of RMB50.5 million and a decrease in refund liabilities of RMB35.9 million, and an increase in trade receivables, prepayments and other receivables of RMB18.1 million.

## Net cash (used in)/generated from investing activities

Our cash (used in)/generated from investing activities was primarily related to purchase and redemption of financial assets and construction of long-term assets. In 2025, our net cash used in investing activities was RMB74.5 million, primarily attributable to the redemption of financial assets at fair value through profit or loss of RMB1,800.9 million and the redemption of term deposits with initial term of over three months of RMB189.5 million, partially offset by the purchase of financial assets at fair value through profit or loss of RMB1,796.3 million and the purchase of term deposits with initial term of over three months of RMB268.9 million.

## Net cash used in financing activities

Our cash used in financing activities was primarily related to lease payments and repurchase of treasury shares. In 2025, our net cash used in financing activities was RMB213.1 million, primarily attributable to the repurchase of treasury shares of RMB152.3 million and the principal of lease payments of RMB60.8 million.

## Exposure to exchange rate fluctuation

The functional currency of our subsidiaries in China is Renminbi, while the functional currency of our Company and subsidiaries outside China is U.S. dollar. Foreign exchange risk arises from the fluctuation in exchange where our monetary assets are denominated in currency other than functional currency. We recognized net foreign exchange losses of RMB0.9 million in 2025 as finance costs and other losses, net, as compared to RMB2.2 million in 2024.

In addition, in 2025, we recorded exchange differences on translation of RMB23.6 million as other comprehensive loss, as compared to RMB17.1 million as other comprehensive income in 2024, primarily due to exchange rate fluctuation.

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

## Capital expenditure

In 2025, our total capital expenditure amounted to approximately RMB9.1 million, compared to RMB18.3 million in 2024, which primarily consisted of the purchase of property, plant and equipment. We funded our capital expenditure requirements primarily through cash generated from our operating activities in 2025.

# Management Discussion and Analysis

## Capital commitments

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

## Contingent liabilities

As of December 31, 2025, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against any member of our Group.

## Significant investments, material acquisitions and disposals

During the Reporting Period, we did not hold any significant investments, nor did we have any material acquisitions or disposals of subsidiaries and affiliated companies.

## Future plans for material investments and capital assets

Save as disclosed in the prospectus of the Company dated December 23, 2022 (the “**Prospectus**”) and this report, we did not have other substantial future plans for material investments and capital assets.

## Charge on Group’s assets

As of December 31, 2025, we had no charges on our assets (2024: Nil).

## Borrowings and gearing ratio

As of December 31, 2025, we did not have any outstanding bank loans or other borrowings. Accordingly, the gearing ratio as of December 31, 2025 (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 (2024: N/A).

## Key financial indicators

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

	<u>As of/for the year ended December 31,</u>	
	2025	2024
<b>Profitability ratios</b>		
Gross profit margin <sup>(1)</sup>	<b>53.5%</b>	52.5%
Net profit margin <sup>(2)</sup>	<b>7.4%</b>	8.6%
Adjusted net profit margin (non-IFRS measure) <sup>(3)</sup>	<b>10.5%</b>	13.0%
<b>Liquidity ratios</b>		
Current ratio <sup>(4)</sup>	<b>2.9</b>	2.3
Quick ratio <sup>(5)</sup>	<b>2.7</b>	2.2
Current asset turnover ratio <sup>(6)</sup>	<b>1.9</b>	1.7
Total asset turnover ratio <sup>(7)</sup>	<b>1.4</b>	1.4

# Management Discussion and Analysis

- (1) The calculation of gross profit margin is based on gross profit divided by revenue for the year indicated and multiplied by 100%.
- (2) The calculation of net profit margin is based on profit for the year divided by revenue for the respective year and multiplied by 100%.
- (3) The calculation of adjusted net profit margin (non-IFRS measure) is based on adjusted net profit divided by revenue for the respective year and multiplied by 100%.
- (4) The calculation of current ratio is based on current assets divided by current liabilities as of year-end.
- (5) The calculation of quick ratio is based on current assets less inventories divided by current liabilities as of year-end.
- (6) The calculation of current asset turnover ratio is based on revenue for the respective year divided by average current assets for the respective year. The calculation of average current assets is based on the average of the opening balance and year-end balance of total current assets for the respective year.
- (7) The calculation of total asset turnover ratio is based on revenue for the respective year divided by average total assets for the respective year. The calculation of average total assets is based on the average of the opening balance and year-end balance of total assets for the respective year.

## Employees, Training and Remuneration Policies

As of December 31, 2025, the Group had 7,005 full-time employees, as compared to approximately 7,177 full-time employees as of December 31, 2024. The Group incurred a total staff cost (including Directors' emoluments), which primarily consisted of wages, salaries, bonuses, pension and other social security costs, and other employee welfares including share-based payments, in the amount of approximately RMB1,373.2 million for the Reporting Period.

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

To incentivize its employees and promote the long-term growth of the Company, the Company has also adopted the Pre-IPO Share Option Scheme, the 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.

# Directors and Senior Management

## DIRECTORS

### Executive Director

**Mr. ZHANG Xiaolong (張小龍)**, aged 43, is our executive Director, chief executive officer and chairman of the Board. He is primarily responsible for the overall strategic planning and business development and operation, as well as overall technological and curriculum development of the Group. Mr. Zhang started the business of the Group in February 2015 and has served as a director and chief executive officer of Fenbi Bluesky since then. He has also served as director and general manager of certain of our subsidiaries, including serving as the chairman of the board and general manager of Tianxia Education since November 2016 and as the executive director and general manager of Tianxia Culture from March 2016 to April 2019.

Prior to joining the Group, Mr. Zhang served as the director of operation of civil servants examination products at YLBJ, a subsidiary of YUAN Inc, from August 2013 to February 2015. Prior to that, he worked at Beijing Huatu Hongyang Education & Culture Corp., Ltd. (北京華圖宏陽教育文化發展股份有限公司) since August 2011.

Mr. Zhang obtained his bachelor's degree in philosophy from Guizhou University (貴州大學) in July 2005.

### Non-executive Director

**Mr. WU Zhenggao (吳正果)**, aged 41, is our non-executive Director and is primarily responsible for providing guidance and advice on the business strategies of the Group.

Mr. Wu has been serving as the president of Ronghe Investment Management Co., Ltd. (容和投資管理有限公司) since December 2015, the co-chairman of Huatu Cendes Co., Ltd. (華圖山鼎設計股份有限公司) (a company listed on the ChiNext of the Shenzhen Stock Exchange with a stock code of 300492) since December 2019, and the rotating CEO of Huatu Education Technology Co., Ltd. (華圖教育科技有限公司) since November 2023. Mr. Wu served as a senior consulting consultant at Deloitte Hua Yong CPA Firm (德勤華永會計師事務所有限公司) from August 2006 to October 2009, and a director and CFO at Beijing Huatu Hongyang Education & Culture Corp., Ltd.\* (北京華圖宏陽教育文化發展股份有限公司) from October 2009 to November 2015.

Mr. Wu obtained his bachelor's degree in 2006 from Nankai University (南開大學) and received the qualifications of Canadian Certified Public Accountant and UK Chartered Certified Accountant in 2008. He serves as a representative of the Eighth People's Congress of Quzhou City, Zhejiang Province (浙江省衢州市第八屆人民代表大會), and a representative of the Tenth People's Congress of Kecheng District, Quzhou City, Zhejiang Province (浙江省衢州市柯城區第十屆人民代表大會).

# Directors and Senior Management

## Independent Non-executive Directors

**Mr. QIU Dongxiao Larry (丘東曉)**, aged 64, is our independent non-executive Director since January 2023 and is primarily responsible for supervising and providing independent opinion to our Board.

Mr. Qiu has been a chair professor and head of the Department of Economics at Lingnan University (嶺南大學) since January 2020. He was a professor at the Faculty of Business and Economics of University of Hong Kong (香港大學) from January 2008 to December 2019, and served as an associate dean at the Faculty of Business and Economics of University of Hong Kong from February 2012 to December 2019. Prior to that, Mr. Qiu served successively as assistant professor, associate professor and professor at Hong Kong University of Science and Technology (香港科技大學) since July 1993. He is the founding president of China Trade Research Group and was president of the Hong Kong Economic Association from 2015 to 2019. He also served as a Member of the Committee on the Promotion of Civic Education of Hong Kong from 2009 to 2011.

Mr. Qiu obtained a bachelor's degree in mathematics from Sun Yat-sen University (中山大學) in July 1983, a master's degree in arts and a doctorate degree in philosophy from University of British Columbia in May 1989 and November 1993, respectively.

**Mr. YUEN Kai Yiu Kelvin (袁啟堯)**, aged 46, is our independent non-executive Director since January 2023 and is primarily responsible for supervising and providing independent opinion to our Board.

Mr. Yuen has served as the head of North Asia and chief financial officer at Allinfra Ltd. since April 2021. He previously worked at Macquarie Group over a 12-year period from August 2008 to April 2015 and from June 2015 to September 2020. During that period, Mr. Yuen has assumed senior roles including associate director and head of client coverage in Shanghai. Prior to that, he worked at AusNet Services (previously known as SP AusNet) from March 2005 to August 2008. Mr. Yuen also worked as a senior analyst at Deloitte from May 2003 to March 2005 in Australia. Mr. Yuen has served as a non-executive director of Greatview Aseptic Packaging Company Limited (紛美包裝有限公司), a company listed on the Stock Exchange (stock code: 0468) since March 2025.

Mr. Yuen obtained a bachelor's degree in commerce from University of Melbourne in March 2001. He became a member of The Institute of Chartered Accountants in Australia in April 2004.

**Ms. YUAN Jia (袁佳)**, aged 45, is our independent non-executive Director since January 2023 and is primarily responsible for supervising and providing independent opinion to our Board.

Ms. Yuan has served as a vice dean at Beijing City University (北京城市學院) since July 2003. She has also served as the executive director of Beijing Capital Kids Future Education Technology Development Co., Ltd. (北京京童未來教育科技發展有限公司) since July 2019 where she is responsible for the general operation of the company, and as an independent director of Beijing Kaiwen Dexin Education Technology Co., Ltd. (北京凱文德信教育科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002659), since August 2022.

Ms. Yuan obtained a bachelor's degree in journalism from China Youth University of Political Studies (中國青年政治學院) in July 2003 and a master's degree in law from China University of Political Science and Law (中國政法大學) in January 2010.

# Directors and Senior Management

## SENIOR MANAGEMENT

**Mr. ZHANG Xiaolong (張小龍)**, aged 43, is our chief executive officer, executive Director and chairman of the Board. Please refer to “Directors and Senior Management – Directors” for his biographical details.

**Mr. WEI Liang (魏亮)**, aged 41, is our president. He is primarily responsible for the overall management of tutoring business and technological matters of the Group. Mr. Wei co-founded the Group together with Mr. Zhang in February 2015 and has served as the president of Fenbi Bluesky since then and served as the chief executive officer of Fenbi Bluesky from February 2015 to October 2023.

Prior to joining the Group, Mr. Wei worked at Tencent Technology (Beijing) Co., Ltd. (騰訊科技(北京)有限公司), which is a subsidiary of Tencent Holding Limited, a company listed on the Stock Exchange (stock code: 00700), from February 2012 to January 2015. He also served as the manager for wireless industry department at Kaixinren Network Technology (Beijing) Co., Ltd. (開心人網絡科技(北京)有限公司), which is a subsidiary of Shenzhen Sunwin Intelligent Co., Ltd. (深圳市賽為智能股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300044), from April 2010 to January 2012. Prior to that, Mr. Wei worked at Sony Mobile Communication Products (China) Co., Ltd. (索尼移動通信產品(中國)有限公司) from February 2008 to March 2010.

Mr. Wei obtained a bachelor’s degree in computer science from Wuhan University (武漢大學) in June 2005 and a master’s degree in software engineering from Beihang University (北京航空航天大學) in January 2008.

**Ms. SHENG Haiyan (盛海燕)**, aged 41, is our vice president, and is responsible for the overall management of book distribution and sales of the Group. Ms. Sheng joined the Group in February 2015 and has served as a director or senior management at certain of our subsidiaries, including serving as a vice president of Fenbi Bluesky since February 2015, as a vice president of Tianxia Culture since March 2016, as the executive director and general manager of Tianxia Culture since April 2019, as a director of Tianxia Education since November 2016, as the executive director and general manager of Beijing Shengshi Jintu Culture Communication Co., Ltd. since September 2020, and as a vice president of Lancai Tianxia since October 2020.

Prior to joining the Group, Ms. Sheng served as a deputy director of online career test preparation department of YLBJ, from August 2013 to February 2015. She also served as a full-time teacher at Beijing Huatu Hongyang Education & Culture Corp., Ltd. (北京華圖宏陽教育文化發展股份有限公司) from April 2010 to October 2013.

Ms. Sheng obtained a bachelor’s degree in business administration from Shandong Normal University (山東師範大學) in June 2007 and a master’s degree in economics from Renmin University of China (中國人民大學) in July 2010.

**Ms. LI Yan (李妍)**, aged 49, is our vice president, and is responsible for the overall management of branding, public relations and human resources of the Group. Ms. Li joined the Group in November 2017 and has served as a vice president of Fenbi Bluesky since then.

Prior to joining the Group, Ms. Li served successively as an editor, marketing manager and chief editor at NetEase Media Technology (Beijing) Co., Ltd. (網易傳媒科技(北京)有限公司) from February 2002 to November 2017.

Ms. Li obtained a bachelor’s degree in computer science from Beijing University of Posts and Telecommunications (北京郵電大學) in January 2004.

## Directors and Senior Management

**Mr. RAN Dong (冉棟)**, aged 40, is our chief financial officer and vice president. He is primarily responsible for the overall financial management and investment of the Group. Mr. Ran joined the Group in September 2020 and has served as a vice president of Fenbi Bluesky since November 2020.

Prior to joining the Group, Mr. Ran worked at Macquarie Group as a vice president from October 2017 to September 2020, and also held various positions there from July 2011 to July 2015 with his last position as a vice president. During the period from June 2015 to July 2017, he worked at UBS Securities Hong Kong Limited where he served as a director before his departure. Mr. Ran also served as an analyst at Rothschild (Hong Kong) Limited from April 2010 to August 2011. Prior to that, he served as an analyst at BOCI Asia Limited from August 2008 to March 2010.

Mr. Ran obtained a bachelor's degree in economics and finance from the University of Hong Kong (香港大學) in June 2008. He is a registered financial risk manager recognized by Global Association of Risk Professionals (全球風險專業人士協會) since August 2019.

### JOINT COMPANY SECRETARIES

**Ms. WANG Tao (汪陶)** is a joint company secretary of our Company. Ms. Wang joined the Group in March 2020 and has served as the financial director of Fenbi Bluesky since then. Prior to joining the Group, she served as a financial director at Beijing Afanti Technology Co., Ltd. (北京阿凡題科技有限公司) from August 2018 to October 2019. From October 2012 to May 2018, Ms. Wang held various positions at China Telecom Bestpay Co, Ltd. (天翼電子商務有限公司) where she served as the head of finance and capital department before her departure. Prior to that, Ms. Wang worked as an accountant at auto finance center of China CITIC Bank Corporation Limited (中信銀行股份有限公司) from July 2010 to July 2012.

Ms. Wang obtained a bachelor's degree in accounting with a double major in psychology from Peking University (北京大學) in July 2010 and a master's degree in business management from Tsinghua University (清華大學) in June 2017. She was accredited as a non-practicing certified public accountant by the Beijing Institute of Certified Public Accountants in April 2014 and as a chartered financial analyst by CFA Institute in December 2018.

**Ms. LEUNG Hoi Yan (梁皓欣)** is a joint company secretary of our Company. Ms. Leung brings over 14 years of experience in company secretarial services and corporate governance for listed companies in Hong Kong. She currently serves as the Assistant Manager, Entity Solutions at Computershare Hong Kong Investor Services Limited.

Ms. Leung holds a degree of Bachelor of Commerce (Honours) in Accounting from Hong Kong Shue Yan University. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.



# Directors' Report

The Board is pleased to present this Directors' Report together with the consolidated financial statements of the Group for the year ended December 31, 2025.

## PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands on December 14, 2020, as an exempted company with limited liability under the Cayman Companies Act. The Company is an investment holding company. The Group is a non-formal vocational education and training service provider in China, with its operations substantially conducted through its subsidiaries in China. The Company was listed on the Main Board of the Stock Exchange on January 9, 2023 with stock code 2469.

The activities and particulars of the Company's principal subsidiaries are set out in Note 37 to the consolidated financial statements. An analysis of the Group's revenue and operating profit for the year ended December 31, 2025 by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and Note 5 to the consolidated financial statements.

## BUSINESS REVIEW AND RESULTS

A review of the business of the Group during the Reporting Period, which includes a discussion of the principal risks and uncertainties faced by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the year, and an indication of likely future developments in the Group's business, is provided in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Directors' Report" in this annual report.

The results of the Group for the Reporting Period are set out in the consolidated financial statements in this annual report.

## PRINCIPAL RISKS AND UNCERTAINTIES

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

### ***Demand for Career Test Preparation Services in China***

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

### ***Seasonality***

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

## ***Level of Paid Enrollments and Course Fees***

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

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

## ***Change in Service Offering Mix***

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

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

## ***Ability to Control Cost and Expenses***

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

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

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



# Directors' Report

## ***Our Technology and Infrastructure***

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

## **Foreign exchange risk**

The functional currency of subsidiaries of the Company in China is Renminbi, while the functional currency of the Company and its subsidiaries outside China is US dollars. Foreign exchange risk arises from the fluctuation in exchange where monetary assets of the Group are denominated in currency other than functional currency. We have continued to closely track and manage the exposure of the Group to fluctuations in foreign exchange rates for the majority of the Group's deposits in foreign currencies.

## **Price risk**

The Group is exposed to price risk in respect of financial assets at fair value through profit or loss held by the Group, which are carried at fair value with changes in the fair value recognized in profit or loss. To manage the price risk of the Group arising from investments, we diversify the portfolio of the Group in accordance with its internal limits. Each investment is managed by our senior management on a case-by-case basis.

## **Credit Risk**

The credit risk of the Group is managed on a group basis. The credit risk of our financial assets, which mainly comprises cash and cash equivalents, contract assets, trade receivables, other receivables, lease receivables and financial assets at fair value through profit or loss and other financial assets at amortised cost, arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. We assess the credit quality of the counterparties by taking into account their financial position, credit history, forward-looking information and other factors. Our management also monitors the recoverability of receivables and follow up the disputes or amounts overdue, if any. In addition, we regularly review the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

## **MAJOR CUSTOMERS AND SUPPLIERS**

For the Reporting Period,

- (i) the Group's largest supplier accounted for 5.1% (2024: 4.5%) of its total purchases, and the five largest suppliers accounted for 15.5% of its total purchases (2024: 18.2%); and
- (ii) the Group's largest customer accounted for 1.0% (2024: 1.5%) of its total revenue, and the five largest customers accounted for 3.0% of its total revenue (2024: 3.5%).

None of the Directors or any of their close associates or any Shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's 5 largest customers and suppliers for 2025.

## KEY RELATIONSHIPS WITH ITS EMPLOYEES, CUSTOMERS AND SUPPLIERS

For details of relationship with the employees, customers and suppliers, please refer to “Major Customers and Suppliers”, “Employees, Training and Remuneration Policies” and “Environmental, Social and Governance Report” in this annual report.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 13 to the consolidated financial statements in this annual report.

## SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in Note 24 to the consolidated financial statements in this annual report.

## DEBENTURES

The Company did not issue any debentures during the Reporting Period.

## DISTRIBUTABLE RESERVES

As of December 31, 2025, the Company had no reserves available for distribution to its Shareholders.

## BORROWINGS

As of December 31, 2025, the Group had no bank borrowings or other borrowings.

## EQUITY LINKED AGREEMENTS

Save as disclosed in this annual report, no equity linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Reporting Period or subsisted at the end of the Reporting Period.

## DIRECTORS

The Directors during the Reporting Period and up to the date of this Directors' Report were:

### Executive Directors

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

Mr. WEI Liang (*resigned on April 1, 2026*)

### Non-executive Directors

Mr. LI Xin (*resigned on May 16, 2025*)

Mr. WU Zhenggao (*appointed on January 9, 2026*)

### Independent Non-executive Directors

Mr. QIU Dongxiao Larry

Mr. YUEN Kai Yiu Kelvin

Ms. YUAN Jia

Mr. WU Zhenggao was appointed as a Director with effect from January 9, 2026, had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on January 9, 2026, and he has confirmed that he understood his obligations as a director of the Company.

Biographical details of Directors and senior management are set out in the section headed “Directors and Senior Management” of this annual report.



# Directors' Report

## CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors of the Company during the Reporting Period and up to the date of this annual report are set out below:

Mr. LI Xin resigned as a non-executive Director with effect from May 16, 2025 to devote more time and efforts into his personal matters.

Mr. WU Zhenggao was appointed as a non-executive Director with effect from January 9, 2026.

Mr. WEI Liang resigned as an executive Director with effect from April 1, 2026 due to the adjustment to allocation of internal duties and functions of the Company.

Save as disclosed in this annual report, there were no changes in information of Directors of the Company that are required to be disclosed pursuant to Rule 13.51(B)(1) of the Listing Rules.

## DIRECTORS' SERVICE CONTRACTS

On January 9, 2026, our executive Director has entered into a service contract with our Company, and our non-executive Director and independent non-executive Directors have entered into letters of appointment with our Company. The service contract with our executive Director and the letter of appointment with our non-executive Director are for an initial fixed term of three years commencing from January 9, 2026. The letters of appointment with our independent non-executive Directors are for an initial fixed term of three years since the Listing Date. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms or by either party giving to the other not less than three-month prior written notice. The appointment of the Directors is subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Save as disclosed above, none of the Directors has a service contract with members of the Group that is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended December 31, 2025, none of the Directors were interested in any business which competes or is likely to compete with the businesses of the Group, which would require disclosure in accordance with Rule 8.10 of the Listing Rules.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the sections headed "Connected Transactions" and "Related Party Transactions" in this annual report, none of the Directors or their respective connected entities (as defined in the Listing Rules) had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to which the Company was a party subsisting during or at the end of the year ended December 31, 2025.

## CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the sections headed "Connected Transactions" and "Related Party Transactions" in this annual report, no contract of significance (including provision of services) has been entered into between the Company or any of its subsidiaries and a Controlling Shareholder or any of its subsidiaries during the year ended December 31, 2025.

## CONNECTED TRANSACTIONS

Upon Listing, transactions between members of the Group and the Company's connected persons have become connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of the non-exempt continuing connected transactions are set out below in the sections headed "Continuing Connected Transactions" and "Contractual Arrangements" in this directors' report.

## RELATED PARTY TRANSACTIONS

Certain related party transactions as disclosed in Note 34 to the consolidated financial statements in this annual report constituted as connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules and are in compliance with the disclosure requirements under Chapter 14A of the Listing Rules and disclosed in this annual report.

## CONTINUING CONNECTED TRANSACTIONS

### Cloud Services and Technical Services Framework Agreement

In December 2022, Fenbi Bluesky (for itself and on behalf of other members of the Group) entered into a cloud services and technical services framework agreement (the "**Cloud Services and Technical Services Framework Agreement**") with Tencent Computer pursuant to which Tencent Computer agreed to provide cloud services and other cloud-related technical services to us for service fees. Considering our business has undergone and is expected to undergo rapid growth, we believe that obtaining such services from an integrated service provider is a cost-effective alternative to building all supporting technology infrastructure internally. We will be able to reduce unnecessary management resources and costs incurred from the purchase of additional technology hardware and tools, and recruitment of additional full-time information technology and maintenance staff. The precise scope of service, service fee calculation, method of payment and other details of the service arrangement will be agreed between the relevant parties separately. As the Cloud Services and Technical Services Framework Agreement expired on December 31, 2024, on January 24, 2025, Fenbi Bluesky entered into a new cloud services and technical services framework agreement ("**New Cloud Services and Technical Services Framework Agreement**") with Tencent Cloud Computing (Beijing) Co., Ltd. ("**Tencent Cloud**") to renew the terms of the Cloud Services and Technical Services Framework Agreement for a period of three years effective from January 1, 2025 and to set respective annual caps. Please refer to "Connected Transactions" section in the Prospectus and the announcement of the Company dated January 24, 2025 for details.

The service fee will be agreed by the parties through arm's length negotiations based on the fee rates disclosed on the relevant official websites of Tencent. The Group will take into account a number of factors, including but not limited to (i) the quality and stability of cloud and technical services of different service providers; and (ii) the service fee rates. The Group will only enter into a cloud services and technical services agreement with Tencent Cloud if the terms and conditions are fair and reasonable and based on normal or no less favorable commercial terms than those offered by other independent third party service providers.

The annual cap of service fees to be paid by the Group to Tencent Computer for procurement of cloud services and technical services for the year ended December 31, 2025 is RMB20.0 million, while the actual transaction amount incurred in accordance with the Cloud Services and Technical Services Framework Agreement for the year ended December 31, 2025 was approximately RMB14.9 million.

Tencent Cloud is controlled by Tencent, one of the substantial Shareholders under contractual agreements. Accordingly, Tencent Cloud is a connected person of the Company under Rule 14A.07 of the Listing Rules and the transactions with Tencent Cloud constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

# Directors' Report

## Payment Services Framework Agreement

In December 2022, Fenbi Bluesky (for itself and on behalf of other members of the Group) entered into a payment services framework agreement (the “**Payment Services Framework Agreement**”) with Tencent Computer, pursuant to which Tencent Computer agreed to provide us with payment services through its payment channels so as to enable our customers to conduct online transactions and we will pay service commissions to Tencent Computer in respect of such services. The precise scope of service, service fee calculation, method of payment and other details of the service arrangement will be agreed between the relevant parties separately. As the Payment Services Framework Agreement expired on December 31, 2024, on January 24, 2025, Fenbi Bluesky entered into a new payment services framework agreement (“**New Payment Services Framework Agreement**”) with Tencent Computer to renew the terms of the Payment Services Framework Agreement for a period of three years effective from January 1, 2025 and to set respective annual caps. Please refer to “Connected Transactions” section in the Prospectus and the announcement of the Company dated January 24, 2025 for details.

Before entering into any payment service agreement pursuant to the Payment Services Framework Agreement or New Payment Services Framework Agreement, the Group will assess its business needs and compare the payment service commissions proposed by Tencent Computer with the commissions offered by at least one other comparable service provider. In addition, the Group will take into account a number of factors, including but not limited to (i) the efficiency of payment channels operated by different online payment service providers; (ii) consumers' preference among different online payment service providers; and (iii) the payment service commission rates. The Group will only enter into a payment service agreement with Tencent Computer if the terms and conditions are fair and reasonable and based on normal or no less favorable commercial terms than those offered by other independent third-party service providers.

The annual cap of the payment service commissions paid by the Group to Tencent Computer for the year ended December 31, 2025 is RMB15.0 million, while the actual transaction amount incurred in accordance with the Payment Services Framework Agreement for the year ended December 31, 2025 was approximately RMB5.5 million.

Tencent Computer is a subsidiary of Tencent, one of the substantial Shareholders. Accordingly, Tencent Computer is a connected person of the Company under Rule 14A.07 of the Listing Rules and the transactions with Tencent Computer constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

## Printing Services Framework Agreement

In December 2022, Lancai Tianxia entered into a printing services framework agreement (the “**Printing Services Framework Agreement**”) with YLBJ (for itself and on behalf of its subsidiaries), pursuant to which YLBJ agreed to engage Lancai Tianxia to provide custom printing and book binding services for its self-developed learning materials. Given the great demand of YLBJ for printing services, we could benefit from the business cooperation between us and YLBJ in expansion and promotion of our printing services, which enable us to enhance our competitiveness. We could also reduce unnecessary management resources and costs incurred from client sourcing. The precise scope of service, service fee calculation, method of payment and other details of the service arrangement will be agreed between the relevant parties separately. As the Printing Services Framework Agreement expired on December 31, 2024, on January 24, 2025, Lancai Tianxia entered into a new printing services framework agreement (“**New Printing Services Framework Agreement**”) with YLBJ to renew the terms of the Printing Services Framework Agreement for a period of three years effective from January 1, 2025 and to set respective annual caps. Please refer to “Connected Transactions” section in the Prospectus and the announcement of the Company dated January 24, 2025 for details.

Before entering into any printing services agreement pursuant to the Printing Services Framework Agreement or New Printing Services Framework Agreement, the Group will review and ensure the payment arrangement of such individual printing services agreement are on normal commercial terms. The fee quotes offered by the Group shall take into account the quantity of the relevant orders, the service scopes and the anticipated operational costs (including labor costs, material costs and administrative costs), with reference to the rates generally offered by the Group to Independent Third Parties in respect of comparable goods and services, and the prevailing market price of comparable goods and services.

The annual cap of the total revenues from YLBJ for procurement of our printing services for the year ended December 31, 2025 is RMB25.0 million, while the actual transaction amount incurred in accordance with the Printing Services Framework Agreement for the year ended December 31, 2025 was approximately RMB13.9 million.

As of the date of this annual report, YLBJ is owned as to 69.103% by Mr. LI Yong, our former Director and one of our Controlling Shareholders, and is a subsidiary of YUAN Inc (through contractual arrangements) which is in turn controlled by Mr. LI Yong through more than 30% of the voting power at general meeting of YUAN Inc. Accordingly, YLBJ is a connected person of the Company under Rule 14A.07 of the Listing Rules and the transactions with YLBJ constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

### **Annual Review by Independent Non-executive Directors and the Auditor**

The independent non-executive Directors have reviewed the continuing connected transactions mentioned above pursuant to Rule 14A.55 of the Listing Rules and confirmed that the aforesaid continuing connected transactions had been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better to the Group; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the auditor of the Company has been engaged to report on the continuing connected transactions of the Company in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into during the Reporting Period:

- (i) nothing has come to their attention that cause them to believe that the aforesaid continuing connected transactions have not been approved by the Board;
- (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that such transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) nothing has come to their attention that causes them to believe that the aforesaid continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iv) with respect to the aggregate actual transaction amount of each of the aforesaid continuing connected transactions, nothing has come to their attention that causes them to believe that such actual transaction amounts have exceeded the relevant annual caps as set by the Company.

# Directors' Report

## CONTRACTUAL ARRANGEMENTS

### Overview

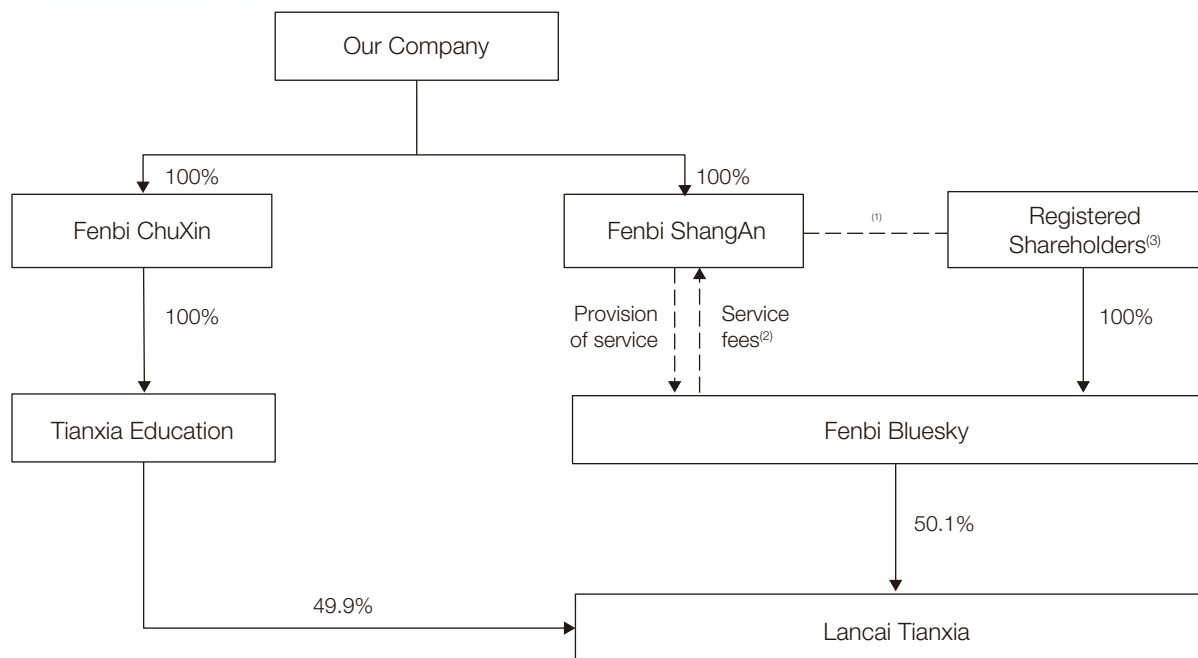
Our online non-formal vocational education and training services and book printing business in the PRC (the “**Relevant Businesses**”) are subject to foreign investment restrictions under PRC laws. To comply with the relevant PRC laws, our Relevant Businesses are directly conducted through our Consolidated Affiliated Entities. On July 31, 2021, we entered into the Contractual Arrangements through which, together with the equity holding, we are able to exercise control over and enjoy all the economic benefits derived from the operations of the Consolidated Affiliated Entities.

On November 8, 2024, Fenbi Bluesky, a Consolidated Affiliated Entity prior to the completion of the Share Transfer, entered into the Share Transfer Agreement with Fenbi Chuxin, an indirect wholly-owned subsidiary of the Company, pursuant to which, Fenbi Bluesky agreed to transfer 50.10% of the equity interests in Lancai Tianxia to Fenbi Chuxin at a consideration of RMB5,302,135.39, being 50.10% of the net asset of Lancai Tianxia as of October 31, 2024, according to its management accounts. Following the Share Transfer, Lancai Tianxia will become a wholly owned subsidiary of Fenbi Chuxin. On November 8, 2024, amendments to the Contractual Arrangements were entered into among Fenbi ShangAn, Lancai Tianxia, Fenbi Bluesky and the Registered Shareholders to reflect the changes in shareholding structure without any other alterations.

Lancai Tianxia holds a printing business license to operate the book printing business. According to the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021) (外商投資准入特別管理措施(負面清單)(2021年版)), foreign investors were not allowed to hold more than 50% of the equity interests in an enterprise conducting publication printing. The restriction of foreign investment was subsequently removed under the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024) (外商投資准入特別管理措施(負面清單)(2024年版)) (the “**2024 Negative List**”), which came into effect on November 1, 2024. In order to ensure the Contractual Arrangements are narrowly tailored in accordance with the requirements of the Stock Exchange, Share Transfer Agreement and amendments to the Contractual Arrangements were entered into by and among the relevant parties.

On November 18, 2025, Mr. LI Yong, Mr. LI Xin and Mr. GUO Changzhen, each being a Registered Shareholder of Fenbi Bluesky, entered into an equity transfer agreement with Mr. Zhang, pursuant to which, Mr. LI Yong, Mr. LI Xin and Mr. GUO Changzhen agreed to transfer all of the equity interest held by each of them in Fenbi Bluesky to Mr. Zhang at a total consideration of RMB989,261.76, being 0.3% of the net asset of Fenbi Bluesky as of October 31, 2025. The amendments to the Contractual Arrangements dated November 18, 2025 were entered into among Fenbi ShangAn, Fenbi Bluesky, Mr. Zhang, Mr. WEI Liang, Mr. LI Yong, Mr. LI Xin, Mr. GUO Changzhen and Beijing Fenbi Box to reflect the exits by Mr. LI Yong, Mr. LI Xin and Mr. GUO Changzhen as the Registered Shareholders without any other alterations.

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to the Group stipulated under the Contractual Arrangements before the Share Transfer.



—> denotes direct legal and beneficial ownership in the equity interest

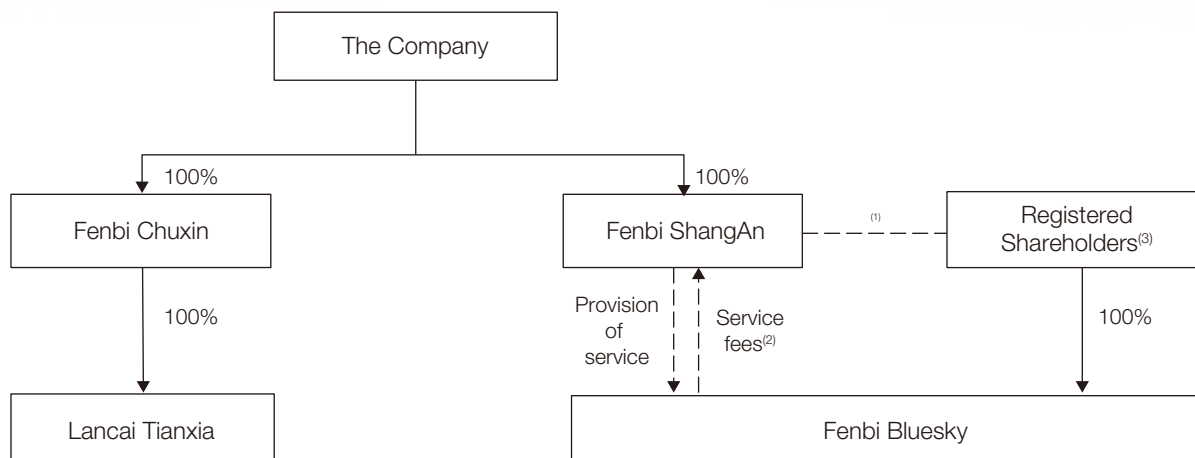
- - -> denotes contractual relationship

### Notes:

- (1) Control of Fenbi ShangAn over Fenbi Bluesky through the following agreements with the Registered Shareholders: (i) Shareholder Right Proxy Agreement, (ii) Exclusive Option Agreement, and (iii) Equity Pledge Agreement. Please refer to “Contractual Arrangements – Summary of the Material Terms of the Contractual Arrangements” in the Prospectus for details.
- (2) Control of Fenbi ShangAn over Fenbi Bluesky through the Business Cooperation and Service Agreement. Please refer to “Contractual Arrangements – Summary of the Material Terms of the Contractual Arrangements” in the Prospectus for details.
- (3) Fenbi Bluesky is owned as to 92.45%, 5.00%, 2.25%, 0.10%, 0.10% and 0.10% by Mr. Zhang, Beijing Fenbi Box, Mr. WEI Liang, Mr. LI Yong, Mr. LI Xin and Mr. GUO Changzhen, respectively. Beijing Fenbi Box is owned as to 95.0% by Mr. Zhang as the general partner and as to 5.0% by Mr. WEI Liang as the limited partner.

# Directors' Report

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to the Group stipulated under the Contractual Arrangements after the Share Transfer.



—> denotes direct legal and beneficial ownership in the equity interest

- - -> denotes contractual relationship

## Notes:

- (1) Control of Fenbi ShangAn over Fenbi Bluesky through the following agreements with the Registered Shareholders: (i) Shareholder Right Proxy Agreement, (ii) Exclusive Option Agreement, and (iii) Equity Pledge Agreement.
- (2) Control of Fenbi ShangAn over Fenbi Bluesky through the Business Cooperation and Service Agreement.
- (3) Fenbi Bluesky is owned as to 92.75%, 5.00% and 2.25% by Mr. Zhang, Beijing Fenbi Box and Mr. WEI Liang, respectively. Beijing Fenbi Box is owned as to 95.0% by Mr. Zhang as the general partner and as to 5.0% by Mr. WEI Liang as the limited partner.

The Consolidated Affiliated Entities contributed a significant portion of the Group's financial positions and results of operations. The revenue of our Consolidated Affiliated Entities amounted to RMB943.4 million for the year ended December 31, 2025, representing approximately 35.2% of the total revenue of the Group.

## Summary of the Material Terms of the Contractual Arrangements

A description of each of the specific agreements that comprise the Contractual Arrangements is set out below.

### ***Business Cooperation and Service Agreement***

As part of the Contractual Arrangements, Fenbi ShangAn entered into a business cooperation and service agreement with Fenbi Bluesky and its then subsidiary on July 31, 2021, and a supplemental agreement to such business cooperation and service agreement (together with the business cooperation and service agreement, the **"Business Cooperation and Service Agreement"**) with Lancai Tianxia, Fenbi Bluesky and the Registered Shareholders on November 8, 2024, pursuant to which Fenbi ShangAn agreed to be engaged as the exclusive provider of technical services, management support services, consulting services, market research and other services to the Consolidated Affiliated Entities, in exchange for service fees. Under the Business Cooperation and Service Agreement, the service fees payable to Fenbi ShangAn, subject to the adjustment by Fenbi ShangAn, shall equal to the total profit of the Consolidated Affiliated Entities, after deduction of necessary costs, expenses, taxes and other statutory contribution in relation to the respective fiscal year.

In addition, without the prior written consent of Fenbi ShangAn, during the term of the Contractual Arrangements, with respect to the services subject to the Business Cooperation and Service Agreement, Fenbi Bluesky and its subsidiary shall not establish cooperation relationships similar to those formed by the Business Cooperation and Service Agreement with any third party.

The Business Cooperation and Service Agreement also provides that Fenbi ShangAn has the exclusive proprietary rights to and interests in any and all intellectual property rights developed or created by Fenbi Bluesky or its subsidiary during the performance of the Business Cooperation and Service Agreement.

The Business Cooperation and Service Agreement shall remain in effect until (1) Fenbi ShangAn exercises its exclusive options to purchase the entire equity interests in Fenbi Bluesky and its subsidiary from the Registered Shareholders pursuant to the terms of the Exclusive Option Agreement when it is permitted to do so under the applicable PRC laws, or (2) Fenbi ShangAn exercises its unilateral right of termination.

### ***Exclusive Option Agreement***

Fenbi ShangAn entered into an exclusive option agreement on July 31, 2021 with Fenbi Bluesky and its then subsidiary and the Registered Shareholders, and a supplemental agreement to such exclusive option agreement (together with the exclusive option agreement, the **"Exclusive Option Agreement"**) with Lancai Tianxia, Fenbi Bluesky and the Registered Shareholders on November 8, 2024, pursuant to which Fenbi ShangAn (or its designees) has an irrevocable and exclusive right to purchase from the Registered Shareholders all or any part of their equity interests in Fenbi Bluesky and its subsidiary, and an irrevocable and exclusive right to purchase from Fenbi Bluesky and its subsidiary all or any part of their assets, at a minimal price required by the relevant government authorities or PRC laws. To the extent permitted by applicable PRC laws and regulations, the Registered Shareholders shall return the amount of purchase price they have received in full to Fenbi ShangAn. At Fenbi ShangAn's request, the Registered Shareholders, Fenbi Bluesky and/or its subsidiary will promptly and unconditionally transfer their respective equity interests and/or assets to Fenbi ShangAn (or its designee) after Fenbi ShangAn exercises its this option.

In order to prevent the flow of the assets and value of the Consolidated Affiliated Entities to the Registered Shareholders, during the terms of the Exclusive Option Agreement, none of the assets of the Consolidated Affiliated Entities shall be sold, transferred or otherwise disposed of without the prior written consent of Fenbi ShangAn. In addition, Fenbi Bluesky is not allowed to make any distributions to the Registered Shareholders without the prior written consent of Fenbi ShangAn. In the event that the Registered Shareholders receive any profit distribution or dividend from Fenbi Bluesky, the Registered Shareholders must immediately pay or transfer such amount to Fenbi ShangAn (or its designee). If Fenbi ShangAn exercises this option, all or any part of the equity interests of Fenbi Bluesky and its subsidiary acquired would be transferred to Fenbi ShangAn and the benefits of equity ownership would flow to the Company and our Shareholders.



## Directors' Report

The Exclusive Option Agreement shall remain in effect until (1) Fenbi ShangAn (or its designee) exercises its exclusive options to purchase the entire equity interests in Fenbi Bluesky and its subsidiary from the Registered Shareholders pursuant to the terms of the Exclusive Option Agreement when it is permitted to do so under the applicable PRC laws, or (2) Fenbi ShangAn exercises its unilateral and unconditional right of termination.

### ***Equity Pledge Agreement***

Fenbi ShangAn entered into an equity pledge agreement on July 31, 2021 with the Registered Shareholders, Fenbi Bluesky and its then subsidiary, and a supplemental agreement to such equity pledge agreement (together with the equity pledge agreement, the **"Equity Pledge Agreement"**) with Fenbi Bluesky and the Registered Shareholders on November 8, 2024, pursuant to which the Registered Shareholders agreed to pledge all their respective equity interests in Fenbi Bluesky that they legally own to Fenbi ShangAn as a first security interest to guarantee the performance of contractual obligations of Fenbi Bluesky and the Registered Shareholders under the relevant Contractual Arrangements.

Under the Equity Pledge Agreement, the Registered Shareholders have agreed that, without prior written consent of Fenbi ShangAn, they will not transfer or dispose the pledged equity interests or create or allow any third party to create any encumbrance on the pledged equity interests that would prejudice Fenbi ShangAn's interest.

The Equity Pledge Agreement shall remain in effect until (1) the satisfaction of all contractual obligations of Fenbi Bluesky and the Registered Shareholders in full, or (2) Fenbi ShangAn exercises its unilateral and unconditional right of termination. The equity pledges under the Equity Pledge Agreements have been duly registered with the relevant PRC authority pursuant to the relevant PRC laws and regulations.

### ***Shareholder Right Proxy Agreement and Powers of Attorney***

Under the shareholder right proxy agreement entered into by and among Fenbi ShangAn, the Registered Shareholders and Fenbi Bluesky on July 31, 2021, the supplemental agreement to such shareholder right proxy agreement (together with the shareholder right proxy agreement, the **"Shareholder Right Proxy Agreement"**) entered into by and among the same parties on November 8, 2024, and the irrevocable powers of attorney executed by each of the Registered Shareholders on July 31, 2021 (the **"Powers of Attorney"**), the Registered Shareholders have appointed Fenbi ShangAn, or any director of Fenbi ShangAn or the person designated by Fenbi ShangAn (including a liquidator replacing the person designated by the Fenbi ShangAn) as their agent and attorney to act on their behalf on all matters concerning Fenbi Bluesky and to exercise all of their rights as registered shareholders, including but not limited to (1) the right to propose to convene and attend shareholders' meetings; (2) the right to exercise voting rights on all matters that require discussion and resolution at shareholders' meeting, approve and sign resolutions on behalf of the relevant Registered Shareholder; (3) the right to exercise all shareholder rights and shareholder voting rights under applicable PRC laws and the articles of association; (4) the right to sign the relevant equity transfer agreement and other relevant documents on behalf of the relevant Registered Shareholder and handle the relevant procedures required for the equity transfer in accordance with the relevant Exclusive Option Agreement and Equity Pledge Agreement; and (5) the right to instruct the directors and senior managers of Fenbi Bluesky to act in accordance with the instructions of Fenbi ShangAn (or its designee) without violating the applicable PRC laws, regulations and the articles of association.

The Shareholder Right Proxy Agreement also provides that, in order to avoid potential conflicts of interest, where the Registered Shareholders are officers or directors of the Company, the powers of attorney are granted in favour of officers or directors of the Company other than those who are the Registered Shareholders.

The Shareholder Right Proxy Agreement shall remain in effect until (1) Fenbi ShangAn (or its designee) exercises its exclusive options to purchase the entire equity interests in Fenbi Bluesky and its subsidiary from the Registered Shareholders pursuant to the terms of the Exclusive Option Agreement when it is permitted to do so under the applicable PRC laws, or (2) Fenbi ShangAn exercises its unilateral and unconditional right of termination.

## **Loan Agreement**

Pursuant to the loan agreement entered into by and among Fenbi ShangAn and Fenbi Bluesky on July 31, 2021, and the supplemental agreement to such loan agreement (together with the loan agreement, the “**Loan Agreement**”) entered into by and among Fenbi ShangAn, Fenbi Bluesky and Lancai Tianxia on November 8, 2024, Fenbi ShangAn agreed to provide interest-free loans to Fenbi Bluesky in accordance with the PRC laws and regulations and Fenbi Bluesky agreed to utilize the proceeds of such loans to contribute to business operation and development of its subsidiary.

The terms of the Loan Agreement shall remain in effect until (1) Fenbi ShangAn (or its designee) exercises its exclusive options to purchase the entire equity interests in Fenbi Bluesky and its subsidiary from the Registered Shareholders pursuant to the terms of the Exclusive Option Agreement when it is permitted to do so under the applicable PRC laws, or (2) Fenbi ShangAn exercises its unilateral and unconditional right of termination.

Each loan to be granted under the Loan Agreement will be for an infinite term until termination at the sole discretion of Fenbi ShangAn. The loans will become due and payable upon Fenbi ShangAn’s demand under any of the following circumstances, as the case may be: (1) a bankruptcy application, bankruptcy reorganization or bankruptcy settlement has been filed by or against Fenbi Bluesky, (2) a winding-up or liquidation application has been filed by or against Fenbi Bluesky, (3) Fenbi Bluesky becoming insolvent or incurring any other significant debt which may affect its ability to repay the loan under the relevant Loan Agreement, (4) Fenbi ShangAn or its designee exercising in full their option to purchase all equity interest in Fenbi Bluesky and its subsidiary from the Registered Shareholders to the extent permitted by PRC laws and regulations, or (5) any of relevant contractual parties (except for Fenbi ShangAn) commits any breach of any obligations under the Contractual Arrangements, or any warranties provided by relevant contractual parties (except for Fenbi ShangAn) under the Contractual Arrangements is proved incorrect or inaccurate.

Save as disclosed above, there were no other new contractual arrangements entered into, renewed and/or reproduced between the Group and our Consolidated Affiliated Entities during the year ended December 31, 2025. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted during the year ended December 31, 2025.

For the year ended December 31, 2025, save as disclosed above, none of the Contractual Arrangements had been unwound on the basis that none of the restrictions that led to the adoption of the Contractual Arrangements had been removed. As of December 31, 2025, we had not encountered interference or encumbrance from any PRC governing bodies in operating our businesses through our Consolidated Affiliated Entities under the Contractual Arrangements.



# Directors' Report

## Reasons for Adopting the Contractual Arrangements

The Relevant Businesses we currently operate are subject to foreign investment restriction or prohibition under PRC laws and regulations. In particular, Fenbi Bluesky operates a mixture of “prohibited business” and “restricted business” under 2024 Negative List. Fenbi Bluesky delivers online courses in live or pre-recorded format, or a combination of both, through Fenbi online platform, which involves providing internet information services, hence constituting value-added telecommunications services under the applicable PRC laws and “restricted businesses” under the 2024 Negative List. Meanwhile, such business operation of Fenbi Bluesky involves (i) the production of content in video format, which constitutes radio and television program production and operation pursuant to the Regulations on the Administration of Production of Radio and Television Programmes (廣播電視節目製作經營管理規定), and (ii) the provision of video and audio content on online platforms, which falls within the scope of internet audio-visual programs services pursuant to the Administrative Regulations on Internet Audio-visual Program Service (互聯網視聽節目服務管理規定). The aforementioned business is provided to users of the Group through Fenbi online platform, where the tutoring services and course content have been fully integrated on such online platform under the same domain name and are inseparable. Additionally, it is not commercially practical to separate the value-added telecommunications business, the internet audio-visual program services and radio and the television program production services because they are carried out through common human resources, working capital, software and hardware on the same platform. Each of the radio and television program production and operation business and the internet audio-visual programs services falls within the scope of “prohibited business” under the 2024 Negative List.

Based on the above, we believe that to maintain the business operations and effectiveness of the licenses and permits held by the Consolidated Affiliated Entities, the Consolidated Affiliated Entities must be controlled by the Company through the Contractual Arrangements. In line with common practice in industries in the PRC subject to foreign investment restriction or prohibition, we would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by our Consolidated Affiliated Entities through the Contractual Arrangements among Fenbi ShangAn, Fenbi Bluesky and its registered shareholders (the “**Registered Shareholders**”). In order to comply with PRC laws and regulations while availing ourselves of international capital markets and maintaining effective control over all of the Group’s operations, we have implemented the Contractual Arrangements with regards to our Consolidated Affiliated Entities. The Contractual Arrangements allow the financials and results of operations of our Consolidated Affiliated Entities to be consolidated into our financials and results of operations under the IFRS as if they were wholly-owned subsidiaries of our Company.

## Risks relating to the Contractual Arrangements

There are certain risks associated with the Contractual Arrangements, including:

- (1) If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in the Consolidated Affiliated Entities.
- (2) Our Contractual Arrangements may not be as effective in providing operational control as direct ownership. The Consolidated Affiliated Entities or the Registered Shareholders may fail to perform their obligations under our Contractual Arrangements.
- (3) We may lose the ability to use and enjoy assets held by the Consolidated Affiliated Entities that are material to our business operations if the Consolidated Affiliated Entities were to declare bankruptcy or become subject to a dissolution or liquidation proceeding.
- (4) The Registered Shareholders may have conflicts of interest with us, and they may breach their obligations under the Contractual Arrangements or cause such arrangements to be amended in a manner contrary to our interests.
- (5) If we exercise the option to acquire equity ownership and assets of the Consolidated Affiliated Entities, the ownership or asset transfer may subject us to certain limitations and substantial costs.
- (6) Certain terms of the Contractual Arrangements may not be enforceable under PRC laws.
- (7) Uncertainties exist with respect to the interpretation and implementation of the newly enacted Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance, business, results of operations, financial condition and prospects.
- (8) Our Contractual Arrangements may result in adverse tax consequences to us.
- (9) We do not have any insurance to cover the risks relating to the Contractual Arrangements and the transactions contemplated thereunder.

Please refer to “Risk Factors – Risks Relating to our Contractual Arrangements” in the Prospectus for details.

## Actions Taken by the Group to Mitigate the Risks relating to the Contractual Arrangements

The Group has adopted the following measures to ensure the effective operation of the Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

- (1) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- (2) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;



## Directors' Report

- (3) our Company will disclose the overall performance of and compliance with the Contractual Arrangements in our annual reports; and
- (4) our Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of Fenbi ShangAn and our Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

### **Listing Rules Implications and Waiver from the Stock Exchange and annual review**

The transactions contemplated under certain Contractual Arrangements constitute continuing connected transactions of the Company under the Listing Rules upon Listing as certain parties to the Contractual Arrangements, including Mr. Zhang, are connected persons of the Group pursuant to Chapter 14A of the Listing Rules.

One or more of the applicable percentage ratios of transactions contemplated under the Contractual Arrangements are expected to be more than 5%. Therefore, the transactions will constitute non-exempt continuing connected transactions of the Group and will be subject to reporting, announcement, circular, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In view of the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (1) the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (2) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (3) the requirement of limiting the terms for the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange subject however to the following conditions:

- (1) no change to the Contractual Arrangements (including with respect to any fees payable to Fenbi ShangAn thereunder) will be made without the approval of the independent non-executive Directors;
- (2) save as described in paragraph (4) below, no change to the agreements governing the Contractual Arrangements will be made without the approval of our Company's independent Shareholders. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in paragraph (e) below) will however continue to be applicable;
- (3) the Contractual Arrangements shall continue to enable the Group to receive the economic benefits derived by the Consolidated Affiliated Entities;
- (4) on the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on one hand, and the Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements; and
- (5) the Group will disclose details relating to the Contractual Arrangements on an ongoing basis.

## Annual Review by the Independent Non-executive Directors and the Auditor

The independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that:

- (1) the transactions under the Contractual Arrangements carried out during the year ended December 31, 2025 had been entered into in accordance with the relevant provisions of the Contractual Arrangements;
- (2) no dividends or other distributions had been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group during the year ended December 31, 2025;
- (3) no new contracts had been entered into, renewed and/or reproduced between the Group and the Consolidated Affiliated Entities for the year ended December 31, 2025; and
- (4) the Contractual Arrangements had been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

The auditor of the Company has confirmed in a letter to the Board that, with respect to Contractual Arrangements:

- (1) nothing has come to their attention that causes the auditor to believe that the Contractual Arrangements have not been approved by the Board;
- (2) nothing has come to their attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements under the Contractual Arrangements governing such transactions; and
- (3) nothing has come to their attention that causes the auditor to believe that dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of their equity interests which are not otherwise subsequently assigned or transferred to the Group.

For details of the Contractual Arrangements, please refer to the sections headed “Contractual Arrangements” and “Connected Transactions” in the Prospectus.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

## REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors and senior management receive emolument from the Company in the form of salaries, remuneration, pension, discretionary bonus and other welfares. The Board has established the Remuneration Committee to review and recommend the remuneration and compensation packages of the Directors and senior management of the Company, and the Board, with the advice from the Remuneration Committee, will review and determine the remuneration and compensation packages taking into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management and performance of the Group.



## Directors' Report

Details of the emoluments of the Directors and five highest paid individuals in the Group are set out in Notes 35 and 9(b) to the consolidated financial statements in this annual report.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors or other individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

### **ENVIRONMENTAL POLICIES AND PERFORMANCE**

It is our corporate and social responsibility in promoting a sustainable and environmental friendly environment. We strive to minimize our environmental impact and to build our corporation in a sustainable way.

We are subject to environmental protection and occupational health and safety laws and regulations in China. In 2025, we complied with the relevant environmental and occupational health and safety laws and regulations in China in all material aspects and we did not have any incidents or complaints that had a material and adverse effect on our business, results of operations and financial condition.

The environmental, social and governance report of the Company prepared in accordance with Appendix C2 of the Listing Rules is set out in the section headed "Environmental, Social and Governance Report" in this annual report.

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

As of December 31, 2025, 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 <sup>(1)</sup>	Approximate percentage of interest <sup>(1)</sup>
Mr. ZHANG Xiaolong <sup>(2)(3)</sup>	Interest in controlled corporation	213,340,000(L)	9.53%
	Interest held jointly with another person	340,251,000(L)	15.21%
Mr. WEI Liang <sup>(2)(4)</sup>	Beneficial interest	7,350,000(L)	0.33%
	Interest in controlled corporation	73,165,000(L)	3.27%
	Interest held jointly with another person	473,076,000(L)	21.14%

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

(1) The calculation is based on the total number of 2,237,634,130 Shares in issue as of December 31, 2025, without taking into account any Shares that may be issued under the Pre-IPO Share Option Scheme, 2023 Restricted Share Unit Scheme and 2023 Share Option Scheme.

(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. As Mr. LI Xin resigned as a non-executive Director on May 16, 2025 and entered into a supplemental agreement to the Concert Party Agreement with Mr. ZHANG Xiaolong, Mr. WEI Liang and Mr. LI Yong, pursuant to which, Mr. LI Xin has withdrawn from the Concert Party Agreement and was no longer obliged to act in concert with Mr. ZHANG Xiaolong, Mr. WEI Liang and Mr. LI Yong regarding the Concert Party Agreement. Please refer to the announcement of the Company dated May 16, 2025 for details of Mr. LI Xin's withdrawal.

Mr. WEI Liang resigned as an executive Director with effect from April 1, 2026. Upon his resignation as a Director, Mr. WEI Liang will continue to serve as the president of the Company.

(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.

# Directors' Report

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

Name of Director/ Chief Executive	Name of 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	92.75%
Mr. WEI Liang	Beneficial interest	Fenbi Bluesky	2.25%

- (1) Mr. Zhang is the general partner of Beijing Fenbi Box and thus deemed to be interested in the entire interests held by Beijing Fenbi Box 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 the date of this annual report, 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.

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

As of December 31, 2025, 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	212,200,000 (L)	9.48%
Sonata (BVI) Limited <sup>(2)</sup>	Interest in controlled corporation	212,200,000 (L)	9.48%
Mr. LI Yong <sup>(3)</sup>	Interest in controlled corporation	259,736,000 (L)	11.61%
	Interest held jointly with another person	293,855,000 (L)	13.13%
Liang Ma Limited <sup>(3)</sup>	Beneficial interest	259,736,000 (L)	11.61%
Ocorian Trust Company <sup>(4)</sup>	Trustee	285,365,000 (L)	12.75%
Tencent Mobility Limited <sup>(5)</sup>	Beneficial interest	178,736,000 (L)	7.99%
Mr. Ho Chi Sing <sup>(6)</sup>	Interest in controlled corporation	114,086,620 (L)	5.10%
Ark Trust (Hong Kong) Limited <sup>(7)</sup>	Trustee	161,600,169 (L)	7.22%

*Notes:*

The letter “L” denotes the person’s long position in the Shares.

- (1) The calculation is based on the total number of 2,237,634,130 Shares in issue as of December 31, 2025.
- (2) See note (3) under the section headed “Directors’ Report – Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures” in this annual report for more information.
- (3) Liang Ma Limited is wholly-owned by Mr. LI Yong.
- (4) See notes (3) and (4) under the section headed “Directors’ Report – Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures” in this annual report for more information.
- (5) Tencent Mobility Limited is ultimately controlled by Tencent Holdings Limited, a company listed on the Stock Exchange (stock code: 700).
- (6) Mr. Ho Chi Sing is deemed to be interest in (i) 107,591,977 Shares directly held by IDG-Accel China Growth Fund III L.P., (ii) 40,485,630 Shares directly held by Modish Century Limited, (iii) 17,003,990 Shares directly held by Even Classic Limited, (iv) 7,636,523 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 Associates 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. Ho Chi Sing and Mr. Zhou Quan. 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. Ho Chi Sing, Mr. Zhou Quan and Yang Fei. Even Classic Limited is ultimately controlled by Mr. Ho Chi Sing.
- (7) Ark Trust (Hong Kong) Limited is deemed to be interested in (i) 48,076,980 Shares held by Fenbi Navigator Trust, and (ii) 112,585,447 Shares held by Fenbi Expedition Trust. Ark Trust (Hong Kong) Limited is the trustee of Fenbi Navigator Trust and Fenbi Expedition Trust.

## Directors' Report

Save as disclosed above and to the best knowledge of the Directors, as of the date of this annual report, 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.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Pre-IPO Share Option Scheme, the 2023 Restricted Share Unit Scheme and the 2023 Share Option Scheme, at no time during the year ended December 31, 2025, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of the shares in, or debentures of, the Company or any other body corporate.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, the Company repurchased a total of 30,557,000 Shares at an aggregate consideration of approximately HK\$94.4 million on the Stock Exchange in order to reflect the Company's confidence in its long-term business prospects and to enhance the value of the Shares, thereby improving the return to shareholders of the Company. The details of the repurchase of such Shares are set out as follows:

Month of repurchase	Number of Shares repurchased	Highest repurchase price per Share (HK\$)	Lowest repurchase price per Share (HK\$)	Total consideration (HK\$'000)
November 2025	9,866,000	3.21	2.97	30,301
December 2025	<u>20,691,000</u>	3.26	2.49	<u>64,104</u>
<b>Total</b>	<u>30,557,000</u>			<u>94,405</u>

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 23,950,000 Shares at a total consideration of approximately HK\$72.8 million during the Reporting Period. As of December 31, 2025, the Company held 30,557,000 treasury shares (as defined in the Listing Rules), which may be used for supplementing the share incentive schemes or for other purposes permitted under laws and regulations.

Save as disclosed above and other than the issuance of Shares for the purpose of the Pre-IPO Share Option Scheme, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares) during the Reporting Period.

## 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**").

#### (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 and Remaining Life**

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); however, provided 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. As at the date of this report, the remaining life of the Pre-IPO Share Option Scheme is approximately 4 years and 9 months.

#### (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.

# Directors' Report

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 year ended December 31, 2025, options representing 17,948,650 Shares were exercised and options representing 30,000 Shares were forfeited under the Pre-IPO Share Option Scheme. As of December 31, 2025, Options representing 16,539,160 underlying Shares were outstanding under the Pre-IPO Share Option Scheme, representing approximately 0.7% of the total number of Shares in issue as of December 31, 2025.

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

Category of grantee	Date of grant	Exercise price	Outstanding as of January 1, 2025	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as of December 31, 2025	Vesting Period	Weighted average closing price of the Shares immediately before the Vesting dates on which were exercised
Grantees in aggregate	November 5, 2020, December 10, 2020, December 23, 2020 and December 6, 2021	US\$0.00001 per Share	3,010,000	-	-	-	-	3,010,000	Nil	Nil
	October 1, 2021	US\$0.00001 per Share	-	-	-	-	-	-	2 years	Nil
	April 7, 2016, September 2, 2016 and January 1, 2017	US\$0.00001 per Share	2,090,000	-	145,000	-	-	1,945,000	3 years	HK\$3.09
	From January 1, 2017 to October 25, 2022 <sup>(2)</sup>	US\$0.00001 per Share	29,417,810	-	17,803,650	30,000	-	11,584,160	4 years	HK\$2.73

**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.
- (2) Please refer to the announcement of the Company dated November 6, 2025 for details of the dates of grant.
- (3) None of the grantees is a Director, a chief executive, or a substantial shareholder of the Company, or an associate of any of them.

## 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 purposes 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.

### **(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 and representing approximately 10.2% of the total issued Shares of the Company as at the date of this annual report.

### **(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. As at the date of this report, the remaining life of the 2023 Restricted Share Unit Scheme is approximately 7 years and 3 months.



## Directors' Report

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

After the Board has determined the number of grant shares and the selected participants, it will notify the trustee and the selected participants in grant letters. The selected participants shall confirm their acceptance of the awards within 28 days after the grant date and fail to return the notice of acceptance upon the expiration of the acceptance period, the awards will automatically lapse. 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.

Details of restricted shares granted under the 2023 Restricted Share Unit Scheme during the Reporting Period are set out below:

Category of grantee	Number of restricted shares granted	Date of Grant	Vesting period	Purchase price	Performance target	Fair value of restricted shares granted <sup>(1)</sup>	Closing price of the shares immediately before the grant date
Employees of the Group <sup>(2)</sup>	20,600,000	April 1, 2025	(1) 15,550,000 restricted shares shall vest in four tranches of 25% each on April 1, 2025, April 1, 2026, April 1, 2027 and April 1, 2028, respectively; and	Nil	No performance target is required.	HK\$51.7 million <sup>(1)</sup>	HK\$2.49
			(2) 5,050,000 restricted shares shall vest in four tranches of 25% each on April 1, 2026, April 1, 2027, April 1, 2028 and April 1, 2029, respectively.				
	11,209,000	October 15, 2025	(1) 6,170,000 restricted shares shall vest in four tranches of 25% each on October 15, 2025, October 15, 2026, October 15, 2027 and October 15, 2028, respectively; and	Nil	No performance target is required.	HK\$30.0 million <sup>(1)</sup>	HK\$2.70
			(2) 5,039,000 restricted shares shall vest in four tranches of 25% each on October 15, 2026, October 15, 2027, October 15, 2028 and October 15, 2029, respectively.				

*Notes:*

- (1) The fair value of the restricted share units is calculated based on the closing price of the Shares on the respective grant dates, being HK\$2.51 per Share on April 1, 2025 and HK\$2.68 per Share on October 15, 2025. For details of the accounting standard and policy adopted, please refer to Note 40 to the consolidated financial statements.
- (2) None of the grantees is a Director, a chief executive, or a substantial shareholder of the Company, or an associate of any of them.

# Directors' Report

Movements of the unvested restricted shares granted under the 2023 Restricted Share Unit Scheme during the Reporting Period are set out below:

Category/ Name of grantee	Date of Grant	Purchase price	Vesting period	Number of unvested Awards as of January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapse during the Reporting Period	Number of unvested Awards as of December 31, 2025	Weighted average closing price of the Shares before vesting
Mr. WEI Liang (executive Director and president) <sup>(1)</sup>	June 13, 2024	Nil	7,000,000 restricted shares shall vest in four tranches of 25% each on June 13, 2024, June 13, 2025, June 13, 2026 and June 13, 2027, respectively.	5,250,000	-	(1,750,000)	-	3,500,000	HK\$2.27
Other Employees in aggregate <sup>(2)</sup>	September 4, 2023	Nil	(1) 746,000 restricted shares shall vest in four tranches of 25% each on September 4, 2023, September 4, 2024, September 4, 2025 and September 4, 2026, respectively; and	439,250	-	(203,375)	(3,000)	232,875	HK\$2.93
			(2) 120,000 restricted shares shall vest in four tranches of 25% each on September 4, 2024, September 4, 2025, September 4, 2026 and September 4, 2027, respectively.						
	January 2, 2024	Nil	(1) 12,660,500 restricted shares shall vest in four tranches of 25% each on January 2, 2024, January 2, 2025, January 2, 2026 and January 2, 2027, respectively; and	11,949,875	-	(3,772,625)	(206,750)	7,970,500	HK\$2.56
			(2) 3,007,500 restricted shares shall vest in four tranches of 25% each on January 2, 2025, January 2, 2026, January 2, 2027 and January 2, 2028, respectively.						
	April 3, 2024	Nil	(1) 3,335,500 restricted shares shall vest in four tranches of 25% each on April 3, 2024, April 3, 2025, April 3, 2026 and April 3, 2027, respectively; and	7,821,825	-	(2,149,175)	(186,125)	5,486,525	HK\$2.48
			(2) 5,596,500 restricted shares shall vest in four tranches of 25% each on April 3, 2025, April 3, 2026, April 3, 2027 and April 3, 2028, respectively.						

Category/ Name of grantee	Date of Grant	Purchase price	Vesting period	Number of unvested Awards as of January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapse during the Reporting Period	Number of unvested Awards as of December 31, 2025	Weighted average closing price of the Shares before vesting
	April 1, 2025	Nil	(1) 15,550,000 restricted shares shall vest in four tranches of 25% each on April 1, 2025, April 1, 2026, April 1, 2027 and April 1, 2028, respectively; and  (2) 5,050,000 restricted shares shall vest in four tranches of 25% each on April 1, 2026, April 1, 2027, April 1, 2028 and April 1, 2029, respectively.	-	20,600,000	(3,887,500)	(75,000)	16,637,500	HK\$2.45
	October 15, 2025	Nil	(1) 6,170,000 restricted shares shall vest in four tranches of 25% each on October 15, 2025, October 15, 2026, October 15, 2027 and October 15, 2028, respectively; and  (2) 5,039,000 restricted shares shall vest in four tranches of 25% each on October 15, 2026, October 15, 2027, October 15, 2028 and October 15, 2029, respectively.	-	11,209,000	(1,542,500)	(70,000)	9,596,500	HK\$2.58

*Note:*

- (1) Mr. WEI Liang resigned as an executive Director with effect from April 1, 2026. Upon his resignation as a Director, Mr. WEI Liang will continue to serve as the president of the Company.
- (2) None of the grantees is a Director, a chief executive, or a substantial shareholder of the Company, or an associate of any of them.

The weighted average closing price of the Shares immediately before the dates on which the awarded Shares were vested during the Reporting Period was HK\$2.49 per share.

During the Reporting Period, there were no awards granted to related entity participant or service provider, and there were no awards cancelled under the 2023 Restricted Share Unit Scheme.

# Directors' Report

## 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 and representing approximately 10.2% of the total issued Shares of the Company as at the date of this annual report.

**(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 exercise period of the options under the 2023 Share Option Scheme commences from the vesting commencement date of the relevant options and ends at the close of business on the day as determined by the Directors, provided that such end date shall not be after the tenth anniversary of the grant date, subject to the terms of the 2023 Share Option Scheme (whose details are set out in the circular dated May 22, 2023) and the share option agreement, the grant letter and/or the acceptance letter as the case may be) signed by the relevant grantee(s).

**(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.

## **(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.

During the Reporting Period, 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 162,490,448 Shares as of December 31, 2025 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 December 31, 2025.

The shares underlying the grant of restricted share units were purchased from the market by the trustee, and the number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the Reporting Period 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 Reporting Period divided by the weighted average number of Shares in issue for the year ended December 31, 2025 is nil.

# Directors' Report

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were successfully listed on the Stock Exchange on the Listing Date, whereby 20,000,000 new Shares were issued at the offer price of HK\$9.90 each by the Company. The net proceeds from the global offering of the Company (the “**Global Offering**”) received by the Company, after deduction of the underwriting fees and other related expenses payable by the Company, was approximately HK\$113.2 million (the “**Net Proceeds**”).

On August 13, 2025, the Company announced to redirect the entire unutilized Net Proceeds to AI research, development, infrastructure and implementation. Please refer to the announcement of the Company dated August 13, 2025 for details (the “**Announcement**”). The Group will utilize the Net Proceeds in accordance with the intended purposes as stated in the Prospectus and the Announcement. Please refer to “Future Plans and Use of Proceeds” in the Prospectus for details. The Net Proceeds are expected to be fully utilized by December 2026, which may be subject to changes based on business development of the Group and future development of market conditions.

The following table sets forth the details of the Net Proceeds originally raised, utilized and unutilized Net Proceeds as of the dates indicated:

	<b>Net Proceeds from the Global Offering as of the Listing Date</b>	<b>Unutilized Net Proceeds as of January 1, 2025</b>	<b>Allocation of the Unutilized Net Proceeds</b>	<b>Utilized Net Proceeds during the Reporting Period</b>	<b>Unutilized Net Proceeds as of December 31, 2025</b>
	Amount HK\$ million	Amount HK\$ million	Amount HK\$ million	Amount HK\$ million	Amount HK\$ million
Enriching our course offerings and expanding our student base	58.9	47.2	(47.2)	-	-
Enhancing our content and technological development capabilities (group-wide for both online and classroom-based services)	32.2	-	-	-	-
Conducting marketing campaigns primarily for our newly developed courses (group-wide for both online and classroom-based services)	13.6	13.6	(13.6)	-	-
Working capital and other general corporate purposes (group-wide for both online and classroom-based services)	8.5	-	-	-	-
Investing in AI vertical model, technology research development and AI product commercialization	-	-	12.0	(12.0)	-
Investing in advanced AI related high-end talent and infrastructure	-	-	48.8	(30.9)	17.9
<b>Total</b>	<b>113.2</b>	<b>60.8</b>	<b>-</b>	<b>(42.9)</b>	<b>17.9</b>

## LEGAL PROCEEDINGS AND COMPLIANCE

The Group is subject to legal proceedings, investigations and claims arising in the ordinary course of our business from time to time. During the Reporting Period, the Group had not been involved in any litigation or arbitration proceedings pending or, to its knowledge, threatened against the Group that could have a material adverse effect on the Group's business, results of operations or financial condition.

The Group is subject to a number of regulatory requirements and guidelines issued by the regulatory authorities in China. During the Reporting Period, to the best knowledge of the Board and the Company, the Group did not commit any material non-compliance of the laws and regulations, or experience any non-compliance incident, which taken as a whole, is likely to have a material adverse effect on the Group's business, results of operations or financial condition.

The Group offers classroom-based tutoring courses through classroom facilities set up by a network of local operational hubs. The Group generally operates its classroom-based tutoring services on leased properties, which allows the Group to swiftly execute and adjust its geographical expansion plan in response to changing market conditions and demands. The Group also allows students to elect to take courses at any convenient location of their choosing. For certain leased properties that function as its offline offices and/or classroom facilities, the Group has carried out certain decoration work to meet the needs of its business operations. According to the relevant PRC laws and regulations, such decoration work fall within the scope of construction work. If the investment amount of such construction project exceeds RMB300,000 and its gross floor area is more than 300 square meters, the records of the fire safety design and the completion inspection (the **"Fire Safety Filing"**) shall be filed to the competent fire safety authorities after the decoration work obtains the construction permit and passes the completion inspection. The Group used to commence operations on certain leased properties that had not complete the required Fire Safety Filing. The Group has suspended the usage of all such leased properties prior to the completion of the Global Offering. The Group has undertaken that, it will report the status of completing the Fire Safety Filing and the change of status (such as permanent closure, relocation or re-opening) for the relevant leased properties that had been suspended in the interim and annual reports after the Listing.

For the 11 suspended leased properties as disclosed in the Prospectus, as of the date of this annual report, the Group has terminated the leases for the 11 properties. Since the Listing Date and up to the date of this annual report, the Group has no newly leased property that would require the Fire Safety Filing. As of the date of this annual report, all of the Group's leased properties in use are in compliance with the applicable fire safety laws.

## FINAL DIVIDEND

The Board has resolved not to recommend payment of any final dividend for the year ended December 31, 2025 (2024: Nil).

## ANNUAL GENERAL MEETING

The AGM will be held on Friday, June 26, 2026. A notice convening the AGM will be published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.fenbi.com](http://www.fenbi.com)), and will be dispatched (if requested) to the Shareholders in accordance with the requirements of the Listing Rules in due course.

## CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of Shareholders to attend and vote at the AGM, the record date will be Friday, June 26, 2026 and the register of members of the Company will be closed from Tuesday, June 23, 2026 to Friday, June 26, 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the corresponding share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Monday, June 22, 2026.



# Directors' Report

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

## TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's listed securities. If any of the Shareholders is unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, he or she is advised to consult an expert.

## INDEMNITY OF DIRECTORS

Under the Articles of Association, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of his duties in his office. The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

## 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 annual report, the Company has maintained the public float as required under the Listing Rules.

## AUDITOR

PricewaterhouseCoopers was appointed as the auditor during the Reporting Period. The consolidated financial statements of the Group for the year ended December 31, 2025 have been audited by PricewaterhouseCoopers.

PricewaterhouseCoopers shall retire at the forthcoming annual general meeting and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as the auditor of the Company will be proposed at the AGM.

## DONATION

During the year ended December 31, 2025, the Group made charitable donations of RMB1.0 million.

## CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Detailed information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report in this annual report.

## EVENTS AFTER THE REPORTING PERIOD

On January 9, 2026, Mr. WU Zhenggao was appointed as a non-executive Director with effect from January 9, 2026. Please refer to the announcement of the Company dated January 9, 2026 for details of Mr. WU Zhenggao's appointment.

On April 1, 2026, Mr. WEI Liang resigned as an executive Director and authorized representative with effect from April 1, 2026. Please refer to the announcement of the Company dated April 1, 2026 and April 2, 2026 for details of Mr. WEI Liang's resignation.

On April 2, 2026, Mr. ZHANG Xiaolong was appointed as authorized representative with effect from April 2, 2026. Please refer to the announcement of the Company dated April 2, 2026 for details of Mr. ZHANG Xiaolong's appointment.

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

## APPRECIATION

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

By order of the Board

**Fenbi Ltd.**

**ZHANG Xiaolong**

*Chairman*

Hong Kong

March 31, 2026

# Corporate Governance Report

The Board is pleased to present the Corporate Governance Report contained in the Company's annual report for the year ended December 31, 2025.

## CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders and corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has adopted the code provisions of the CG Code as set out in Part 2 of Appendix C1 to the Listing Rules as its own code of corporate governance, and the CG Code has been applicable to the Company with effect from the Listing Date.

During the Reporting Period, the Company has complied with all the applicable code provisions under the CG Code with the exception of code provision C.2.1, which requires the roles of chairman and chief executive to be held by different individuals as stipulated in "Chairman and Chief Executive Officer" in this corporate governance report. The Company will periodically review on its corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the CG Code from time to time.

## CULTURES AND VALUES

A healthy corporate culture across the Group is integral to attain its vision and strategy. The Board and the management have played and will continue to play a proactive role in setting of the Group's strategic goals, priorities and initiatives undertaken to motivate staff to achieve business and financial targets and to create values to the stakeholders through sustainable growth and continuous development of the Group.

It is the Board's role to foster a corporate culture with the following core principles and to ensure they are embedded throughout the Company's vision, mission, policies and business strategies.

### Integrity and code of conduct

The Group strives to maintain high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the Group's employee handbook (including therein the Group's code of conduct), the anti-corruption policy and the whistleblowing policy of the Group. Trainings are conducted from time to time to reinforce the required standards in respect of ethics and integrity.

### Commitment

The Group has consistently adhered to fundamental business philosophy and mindset of "user-oriented and technology-driven", striving to create more value for our shareholders and society as a whole. These principles are reflected in every aspect of the Group's culture, with employees encouraged to go above and beyond to deliver exceptional value and experiences to customers.

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

## THE BOARD

### Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day to day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Nomination Committee and the Remuneration Committee. The Board has delegated to these Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

The Company has arranged appropriate insurance coverage in respect of liability arising from legal action against the Directors, and will conduct annual review on such insurance coverage.

### Board Composition

The current composition of the Board is as follows:

#### **Executive Director**

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

#### **Non-executive Director**

Mr. WU Zhenggao

#### **Independent Non-executive Directors**

Mr. QIU Dongxiao Larry

Mr. YUEN Kai Yiu Kelvin

Ms. YUAN Jia

The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

During the Report Period, the Board has met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive Directors representing one third of the Board. Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules by written confirmation and the Company considers each of them to be independent.

Save as disclosed in the biographies of the Directors as set out in the section headed "Directors and Senior Management" of this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or chief executive.

# Corporate Governance Report

## BOARD INDEPENDENCE ASSESSMENT

The Company recognizes that Board independence is key to good corporate governance. The Company has in place effective mechanisms that underpin an independent Board and that independent views are available.

The current composition of the Board, comprising more than one third of the Board being independent non-executive Directors, and the members of the Audit Committee are all independent non-executive Directors, exceeding the independence requirements under the Listing Rules. The remuneration of independent non-executive Directors are subject to a regular review. The independence of each independent non-executive Director is assessed upon his appointment and annually.

Directors are requested to declare their direct or indirect interests, if any, in proposals or transactions to be considered by the Board at the Board meetings and abstain from voting, where appropriate.

The Board and the Board committees have the right to seek the service of independent professional institutions according to the needs of the exercise of authority, performance of duties or businesses, and the reasonable expenses incurred thereon shall be borne by the Company.

The independent non-executive Directors have consistently demonstrated strong commitment and the ability to devote sufficient time to discharge their responsibilities at the Board. The Company has also established channels through formal and informal means whereby independent non-executive Directors can express their views.

The Board has reviewed the implementation of the mechanisms in relation to the Board independence and considered it to be effective during the Reporting Period. The Board will continue to review the implementation and effectiveness of such mechanism on an annual basis.

## BOARD DIVERSITY POLICY

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company's performance. Therefore, the Company has adopted a board diversity policy (the "**Board Diversity Policy**") to ensure that the Company will, when determining the composition of the Board, consider Board diversity in terms of, among other things, gender, skills, age, professional experience, knowledge, culture, education background and length of service. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board.

As of the date of this annual report, the diversity profile of the Board is analyzed as follows: The Directors have a balanced mix of experiences, including overall management, business development, information technology, and finance experiences. The Board has also maintained a gender diversity with one female Director and six male Directors. Furthermore, the age of the Directors ranges from 41 years old to 64 years old. The education background of the Directors includes philosophy, mathematics, computer science and business administration to law, with degrees awarded by education institutions in the PRC, and Australia.

At present, the Nomination Committee considered that the Board is sufficiently diverse. The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain continuous compliance by the Company with the board diversity requirement under the Listing Rules, including the gender diversity.

## **GENDER DIVERSITY**

The Company has been committed to the gender diversity of all employees (including senior management), and strives to achieve gender equality among the employees. As of December 31, 2025, the total number of employees (including senior management) in the Company was 7,005, of which approximately 27.84% were male and approximately 72.16% were female; and the total number of employees (excluding senior management) in the Company was 7,000, of which approximately 27.81% were male and approximately 72.19% were female. The Company will continue to take steps to promote gender diversity at all levels of the Group, including but not limited to the Board and the senior management levels.

## **INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT**

All newly appointed Directors would be provided with necessary induction and information to ensure that they have a proper understanding of the Company's operations and businesses as well as their responsibilities under relevant statutes, laws, rules and regulations.

In accordance with code provision rules 3.09F, 3.09G and 3.09H of the Listing Rules with regards to continuous professional development, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally facilitated briefings for Directors will be arranged and reading material on relevant topics will be provided to Directors where appropriate. The Company also arranges regular trainings to provide the Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. According to the records provided by the Directors, all Directors, namely Mr. Zhang Xiaolong, Mr. Wei Liang (resigned with effect from April 1, 2026), Mr. Li Xin (resigned with effect from May 16, 2025), Mr. Qiu Dongxiao Larry, Mr. Yuen Kai Yiu Kelvin and Ms. Yuan Jia, declared that they had participated in continuous professional development activities by the methods including attending courses/seminars/conferences and/or reading books/journals/articles during the Reporting Period. The Company encourages continuous professional development training for all the Directors to develop and refresh their knowledge and skills.

# Corporate Governance Report

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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 vocational education and training 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 our growth and business expansion. 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.

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of our executive Directors has entered into a service contract with our Company on January 9, 2026 for an initial term of three years commencing from the date of such service contract.

The non-executive Director has entered into an appointment letter with the Company on January 9, 2026 for an initial term of three years commencing from the date of such letter of appointment.

Each of the independent non-executive Directors has entered into an appointment letter with the Company on January 9, 2026 for an initial term of three years commencing from the Listing Date.

The Board shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting, but shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation at such meeting.

At every annual general meeting of the Company one third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Board has delegated certain of its responsibilities and authority for selection and nomination of Directors to the Nomination Committee. The Nomination Committee is responsible for reviewing the Board's composition, and for making recommendations to the Board on the appointment, re-election and succession planning of Directors, and the Board will determine the relevant matters after taking into account of the recommendations.

## NOMINATION POLICY

The Company has adopted a director nomination policy which is contained in the terms of reference of the Nomination Committee that sets out the selection criteria and process in relation to nomination of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

# Corporate Governance Report

The director nomination policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to gender, age, cultural and educational background, professional experience or diversity needed in the future, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Nomination Committee shall: (i) use open advertising or the services of external advisors to facilitate the search; (ii) consider candidates from a wide range of backgrounds; and (iii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position.

The Nomination Committee will review the director nomination policy, as appropriate, to ensure its effectiveness.

## BOARD MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals.

Notices of no less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board meetings and Board committee meetings, reasonable notice is generally given by the Company. The agenda and accompanying Board papers are dispatched at least three days before the Board meetings or Board Committee meetings to ensure that the Directors have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or the Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of meetings shall be kept by the joint company secretaries of the Company with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail on the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board committee meeting are/will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by all Directors.

As the shares of the Company were listed on the Stock Exchange since the Listing Date, the relevant standards were applicable to the Company during the Report Period.

A summary of the attendance records of the Directors at the meetings of the Board, the respective Board committees and the general meeting held during the Reporting Period is set out below:

Name of Directors	Attendance/Number of Meeting(s)				
	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	General meeting
Mr. ZHANG Xiaolong	4/4	–	2/2	2/2	1/1
Mr. WEI Liang ( <i>resigned on April 1, 2026</i> )	4/4	–	2/2	2/2	1/1
Mr. LI Xin ( <i>resigned on May 16, 2025</i> )	1/1	–	–	–	0
Mr. QIU Dongxiao Larry	4/4	2/2	2/2	2/2	1/1
Mr. YUEN Kai Yiu Kelvin	4/4	2/2	2/2	2/2	1/1
Ms. YUAN Jia	4/4	2/2	2/2	2/2	1/1
Mr. WU Zhenggao ( <i>appointed on January 9, 2026</i> )	–	–	–	–	–

# Corporate Governance Report

## COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as the 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 Report Period.

## DELEGATION BY THE BOARD

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense. Directors are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

## CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code. The Board confirmed that corporate governance should be the collective responsibility of the Directors, which includes:

- (a) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management;
- (c) to develop, review and monitor the codes of conduct and compliance manuals applicable to employees and the Directors;
- (d) to develop and review the Company's corporate governance policies and practices, make recommendations and report on related issues to the Board; and
- (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

## BOARD COMMITTEES

Our Company has established three committees under the Board pursuant to the corporate governance practice requirements under the Listing Rules, including the Audit Committee, Remuneration Committee and Nomination Committee.

### Audit Committee

At the date of this annual report, 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 committee. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Company, oversee the audit process, review and oversee the existing and potential risks of the Group and perform other duties and responsibilities as assigned by our Board.

The terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.



# Corporate Governance Report

During the Report Period, two Audit Committee meetings were held. The Audit Committee held meetings to discuss and consider the following: (1) reviewing the financial statements, results announcement and report of the Group for the year ended December 31, 2024 and for the six months ended June 30, 2025; (2) reviewed the Group's risk management and internal control system and related matters; (3) reviewed continuing connected transactions of the Group; (4) reviewed Contractual Arrangements; (5) reviewed corruption and bribery risk assessment results and policies of the Group; and (6) considered and made recommendations on the re-appointment of the external auditors of the Group, and the term of engagement.

## Nomination Committee

At the date of this annual report, the Nomination Committee consists of four Directors, namely Mr. ZHANG Xiaolong, Mr. QIU Dongxiao Larry, Mr. YUEN Kai Yiu Kelvin and Ms. YUAN Jia, with Mr. ZHANG Xiaolong being the chairman of the committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors of our Company and oversee the implementation of Board diversity policy.

In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board in accordance with the Board Diversity Policy adopted by the Company. Diversity of the Board will be considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a Director. The recommendations of the Nomination Committee will then be put to the Board for decision.

The terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During the Report Period, one Nomination Committee meeting was held. The Nomination Committee has held the meeting for reviewing the independence of the independent non-executive Directors, considering the qualifications, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background and length of service, of the retiring Directors standing for re-election at the forthcoming annual general meeting, reviewing the structure, size and composition of the Board and reviewing the Board Diversity Policy.

## Remuneration Committee

At the date of this annual report, the Remuneration Committee consists of four Directors, namely Mr. QIU Dongxiao Larry, Mr. ZHANG Xiaolong, Mr. YUEN Kai Yiu Kelvin and Ms. YUAN Jia, with Mr. QIU Dongxiao Larry being the chairman of the committee. The primary duties of the Remuneration Committee are to establish, review and provide advice to our Board on the structure of remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning remuneration, and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time. The Remuneration Committee adopted the model under the CG Code to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

The terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the Report Period, one Remuneration Committee meeting was held. The Remuneration Committee has held the meeting for reviewing the remuneration of the Directors and senior management and the performance of them, grant of restricted shares units/options under the 2023 Restricted Share Unit Scheme, the Pre-IPO Share Option Scheme and 2023 Share Option Scheme.

# Corporate Governance Report

## Remuneration of Directors and Senior Management

The remuneration of the Directors of the Company during the year ended December 31, 2025 is set out in Note 35 to the consolidated financial statements.

The remuneration of senior management of the Company, whose biographies are set out on pages 22 to 23 of this annual report, for the year ended December 31, 2025 falls under the following bands:

<b>Band of remuneration (in HK\$)</b>	<b>Number of individuals</b>
0–1,000,000	0
1,000,001 to 1,500,000	0
1,500,001 to 2,000,000	0
over 2,000,000	5

## DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors acknowledge their responsibilities for the preparation of the financial statements for the year ended December 31, 2025, which gives a true and fair view of the state of affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided the Board with such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

The statement by the auditor regarding their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report of this annual report.

## DIVIDEND POLICY

The Company has adopted a dividend policy. The Company's dividend policy aims to provide sustainable returns to Shareholders while ensuring that the Group maintains sufficient financial resources to support our business development and meet future challenges. The determination to pay dividends will be made at the discretion of the Directors, subject to the Listing Rules, and will depend upon, among others, the financial results, business conditions and strategies, future operations and earnings, capital and investment requirements, level of indebtedness, and other factors that the Directors may consider relevant. The Company in general meeting may from time to time by ordinary resolution declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board, provided always that in no circumstances may a dividend be paid if this would result in the Company being unable to pay its debts as they fall due in the ordinary course of business. The Company does not have a pre-determined or fixed dividend payout ratio and will continue to re-evaluate our dividend policy in light of our financial condition and the prevailing economic environment. All dividend decisions made by the Board were made in accordance with the Company's dividend policy.

The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility to ensure a sound and effective risk management and internal control systems, maintaining timely and effective communication with the management in terms of the progress and achievements of relevant works. Under this framework, the management is primarily responsible for the design, implementation, and maintenance of internal controls, while the Board and the Audit Committee oversee the actions of the management and monitor the effectiveness of the controls that have been put in place.

The risk management and internal control systems are designed to achieve business objectives and safeguard assets against unauthorized use or disposition; to ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication; and to ensure compliance with the Listing Rules, the relevant legislations and regulations. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance that there will be no material misrepresentation or losses.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risk of failure to achieve the Company's strategic objectives, as well as establishing and maintaining effective risk management and internal control systems. The Audit Committee assists the Board in leading the management team to oversee the design, implementation and monitoring of the risk management and internal control systems.

The Company has developed system of internal control and risk management for reviewing and maintaining an adequate internal control system to safeguard the interests of the Shareholders and the assets of the Company. The Company has established a separate internal audit department, which is responsible for reviewing the Group's internal control and risk management system and supporting the Board in assessing the effectiveness of such system annually.

The Company has established an information disclosure policy and regularly reminded the directors and employees of due compliance with all policies regarding inside information. To ensure adequate attention to whistleblowing, the Company has established a reporting mechanism to handle and discuss internal whistleblowing of financial, operational, internal control and fraud issues, where major internal control deficiencies or whistle blowing issues will be submitted to the Audit Committee.

The Board, as supported by the Audit Committee as well as the management, has reviewed the report from the management and findings from the internal audit, and reviewed the risk management and internal control systems, including the financial, operational and compliance controls. The review process comprises, among other things, meetings with management of business groups, internal audit team, legal, personnel and the external auditors, reviewing the relevant work reports and information of key performance indicators, and discussing the major risks with the senior management of the Company. The annual review also covered areas on the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, financial reporting and internal audit functions.

The Board considered the risk management and internal control systems of the Company during the year ended December 31, 2025 were effective and adequate.

In addition, the Board believes that the Company's accounting and financial reporting functions have been performed by staff with the appropriate qualifications and experience and that such staff receives appropriate and sufficient training and development. Based on the work report from the Audit Committee, the Board also believes that the Company's internal audit function is adequate with sufficient resources and budget. The relevant staff has appropriate qualifications and experience, and receives sufficient training and development.

# Corporate Governance Report

## AUDITOR'S REMUNERATION

The auditor's approximate remuneration in respect of the audit and non audit services provided to the Company for the year ended December 31, 2025 is as follows:

Type of services	Amount (RMB'000)
Audit services	3,920
Non-audit services	2,100
<b>Total</b>	<b>6,020</b>

## JOINT COMPANY SECRETARIES

Ms. WANG Tao and Ms. LEUNG Hoi Yan have been appointed as our joint company secretaries. Biographical information of Ms. WANG Tao and Ms. LEUNG Hoi Yan is set out in the section headed "Directors and Senior Management" in this annual report. Ms. LEUNG Hoi Yan is an assistant manager, Entity Solutions at Computershare Hong Kong Investor Services Limited, and assists Ms. WANG Tao in company secretarial affairs. The primary corporate contact person of Ms. LEUNG Hoi Yan at the Company is Ms. WANG Tao, one of the joint company secretaries of the Company.

During the year ended December 31, 2025, Ms. WANG Tao and Ms. LEUNG Hoi Yan have not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance, and strategies. The Company also recognizes the importance of timely and non selective disclosure of information on the Company for the Shareholders and investors to make informed investment decisions.

The annual general meeting of the Company provides opportunity for Shareholders to communicate directly with the Directors. The chairman of the Company and the chairmen of the Board committees of the Company will attend the annual general meeting to answer Shareholders' questions. The auditor will also attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies, and auditor's independence.

To promote effective communication and to build an inter-relationship and communication channel between the Company and the Shareholders, the Company adopts a Shareholders' communication policy and maintains a website at [www.fenbi.com](http://www.fenbi.com), where the up to date information on the Company's business operations and developments, financial information, corporate governance practices, and other information are available for public access. The shareholders' communication policy sets out a number of ways to ensure effective and efficient communication with shareholders is achieved, including but not limited to our responses to shareholders' enquiries, corporate communications (in both English and Chinese, to facilitate shareholders' understanding), posting of relevant information on the Company's website, shareholders' meetings and investment market communications.

The Board has reviewed the Shareholders' communication policy during the Reporting Period and considered that the Company provided effective channels for the Shareholders to communicate their views with the Company and therefore was satisfied with the implementation and effectiveness of the Shareholders' communication policy during the Reporting Period.



# Corporate Governance Report

## SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

## CONVENING AN EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

Any one or more Shareholder(s) of the Company holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, to require an extraordinary general meeting to be convened by the Company specifying the objects of the meeting and signed by the requisitionist(s); and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There are no provisions in the Articles of Association or the Cayman Companies Act for Shareholders to propose new resolutions at general meetings. Shareholders who wish to propose a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph. As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

## ENQUIRIES TO THE BOARD

Shareholders who intend to put forward their enquiries about the Company to the Board may send their enquiries to the Office of the Board at the Company's headquarters at 1-6/F, Building 103, No. 10 Courtyard, Jiuxianqiao North Road, Chaoyang District, Beijing, PRC or through email at [ir@fenbi.com](mailto:ir@fenbi.com). Shareholders may also make enquiries with the Board at the general meetings of the Company.

## CHANGE IN CONSTITUTIONAL DOCUMENTS

The Articles of Association of the Company has been amended and restated with effect from the Listing Date. There was no change in the Articles of Association from Listing Date and up to the date of this annual report.



# Environmental, Social and Governance Report

## INTRODUCTION

The Group is a leading 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. 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. 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 uphold our “People Oriented” core values and are fully committed to safeguarding the environment, being socially responsible, and maintaining stringent and impartial corporate governance and internal control in our daily operations. This report aims to disclose the Group’s commitments, approach, and performance in sustainable development to its stakeholders.

## ABOUT THIS REPORT

The Group is pleased to release its forth ESG Report (the “**Report**”). The Report aims to disclose the sustainability strategies and management approaches of the Group, and to highlight the performance of various aspects of ESG to its stakeholders, thereby promoting its sustainable development and planning. The Report has been uploaded to the Group’s website ([www.Fenbi.com](http://www.Fenbi.com)) and the website of the Stock Exchange for public inspection. The Report is in both Chinese and English. If there is any inconsistency, please refer to the English version.

## REPORTING SCOPE AND PERIOD

The Report sets out the Group’s policies, measures, and performance in the ESG aspects during the period from January 1, 2025 to December 31, 2025 (hereinafter, the “**Reporting Period**”) in detail.

Unless otherwise stated, the content of the Report mainly covers the ESG performance and related information of Fenbi Ltd. and its subsidiaries (“**Fenbi**”). Through reporting to our stakeholders, the Group discloses its measures and performance on sustainable development issues transparently and openly. We believe that summarizing and disclosing the Group’s performance to stakeholders can enhance our transparency and further improve our sustainable development performance. Overall, there are no material changes to the reporting scope of the Reporting Period compared to 2024 ESG Report.

# Environmental, Social and Governance Report

## REPORTING GUIDELINES AND PRINCIPLES

The Report has been prepared in compliance with the disclosure requirements of the “ESG Reporting Guide” (the “**Guide**”) set out in Appendix C2 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) issued by the Stock Exchange and has fully adhered to the reporting principles in the Guide, which materiality, quantitative, balance and consistency are the basic principles for report preparation. The application of relevant reporting principles is as follows:

### Materiality

The Group communicates with major stakeholders on a regular basis and has conducted an annual materiality assessment survey to identify and evaluate ESG issues that are important to the Group and relevant stakeholders, so as to determine the reporting content and make focused disclosure.

### Quantitative

In accordance with the Guide, the Group has recorded and collected data on various ESG key performance indicators (“KPIs”) where feasible and disclosed relevant quantitative information and historical data in the Report for comparison and evaluation. In addition, the standards, methods, assumptions, calculation tools, and references adopted by each KPI have been properly indicated in the Report.

### Balance

Following the principle of impartiality, the Report has disclosed both achievements and challenges of the Group in aspects of environment, society, and governance in a truthful and comprehensive manner, for readers to evaluate relevant performance objectively and fairly.

### Consistency

The Report has been prepared according to consistent standards, and the reporting scope, data statistics, and reporting methods are basically the same as the 2024 ESG Report, to ensure the comparability of the reports. Meanwhile, the Group has included corresponding explanations for any inconsistencies (if any) with previous reports.

The Report has complied with the “Mandatory Disclosure Requirements” and the “Comply or explain” provisions set out in the Guide. Except for provisions that the Group considers not applicable to its business operations or provide partial disclosure, relevant explanations have been set out in the corresponding sections. The data and information contained in the Report are mainly from internal documents and statistical data of the Group, and the content of the Report has been reviewed and confirmed by the board of directors (“**Board of Directors**” or “**Board**”).

## APPROVAL

The Report was approved by the Board of Directors of the Company on 28 March 2026 upon confirmation from the management.

## STAKEHOLDERS’ FEEDBACK

The Group attaches great importance to stakeholders’ opinions and aims to further improve its sustainability performance in the future. The Group therefore welcomes all parties to provide comments or suggestions on the Report and its sustainability performance. Please share your views with us via email: [ir@fenbi.com.hk](mailto:ir@fenbi.com.hk).

# Environmental, Social and Governance Report

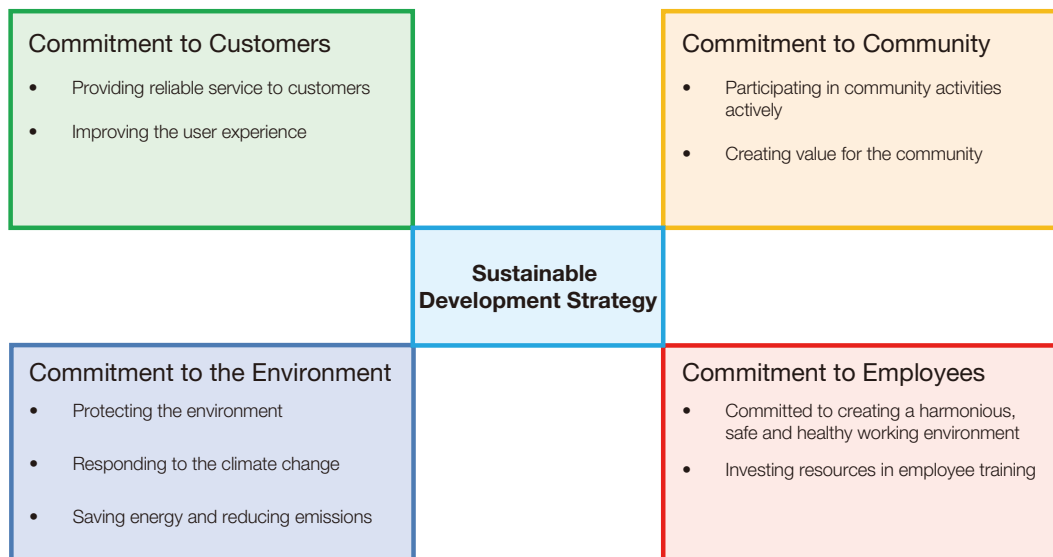
## THE STATEMENT OF THE BOARD OF DIRECTORS

The Company understands that the leadership and participation of the Board are crucial to the implementation of sustainable development strategies. Therefore, the Board shoulders the responsibility of leading and supervising ESG-related matters and is responsible for leading the Group to seize the opportunities and respond to the risks brought by sustainable development. The Board regularly decides on and monitors ESG policies and strategies, including the approval and consideration of ESG-related goals, progress review of the goals, evaluation, prioritisation of the materiality, etc. At the same time, the Board has approved the establishment of an ESG task force for the Group and authorised it to monitor and implement various ESG-related matters, to further improve the effectiveness of sustainable development governance. We have been striving to integrate the concept of sustainable development with the Company's overall strategy, policies, and business plans, to further guide the Group in its pursuit of value chain excellence while achieving its sustainability vision.

## THE GROUP'S FUTURE DEVELOPMENT AND COMMITMENTS

We regard our commitment to the environment, employees, customers, and communities as the four strategic pillars of the Group's sustainable development and formulate corresponding ESG management policies and work plans. The Group insists on communicating and cooperating closely with all stakeholders including our employees, shareholders and investors, suppliers, customers, government departments, and communities in a candid, open, and responsible manner. At the same time, we continue to pay attention to the market development trends and the expectations of all sectors of society, and constantly review and adjust our ESG strategies, policies and measures so that we can quickly respond to various new opportunities and risks and further promote our sustainable development process.

### Sustainability Governance Structure



# Environmental, Social and Governance Report

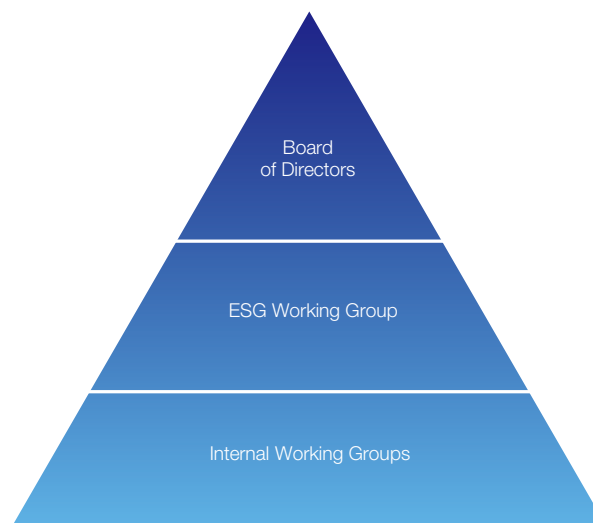
As the cornerstone of sustainable and robust development of an enterprise, a sound corporate governance structure is crucial. It not only helps the enterprise to rationalize the allocation of internal resources but also ensures long-term harmony with stakeholders to jointly promote the sustainable development of the enterprise.

To realize its sustainable development vision, the Group is committed to integrating sustainability concepts into our daily business operation through a comprehensive sustainability governance structure. The Group has a three-level sustainability governance structure, which is composed of the Board of Directors, the ESG Working Group, and the Internal Working Groups to improve communication between the decision-making and execution levels, allowing thorough integration of corporate governance, environmental management, and social responsibility concepts into its daily operations.

To enhance its corporate governance standard, the Group has also actively promoted Board diversity and adopted the “Board Diversity Policy”. When selecting members of the Board of Directors, the balance of different genders, ages, backgrounds, professional knowledge, etc., will be fully considered. With the diverse skills, experience, and perspectives of members, its decision-making capabilities for sustainable development can be advanced.

Furthermore, in response to the global issue of climate change, as a responsible corporate citizen, the Group fully supports this vision and has integrated climate change related initiatives into the overall ESG governance of the Group. The Board of Directors regularly receives reports from the ESG Working Group and participates in the timely identification and assessment of ESG (including climate change) related risks and opportunities. The Board also reviews and evaluates the progress of annual ESG (including climate change) related targets to ensure the overall strategy of the Group remains consistent with sustainable development goals.

For a comprehensive overview of our board composition and governance practices, please refer to the “Corporate Governance Report” of the Group for more details.



# Environmental, Social and Governance Report

## Board of Directors

As the highest governance body of the Group, the Board of Directors assumes overall responsibility for ESG and climate-related matters. Their roles and responsibilities include:

- Regularly review and renew sustainable development strategies, ESG management, and performance to ensure the effective implementation of relevant policies
- Monitor and manage ESG-related risks and opportunities
- Review the progress of ESG-related work and goals
- Supervise and approve the Group's ESG matters and reports

## ESG Working Group

The ESG Working Group is authorized by the Board of Directors and composed of the Group's senior management, heads of functional departments, heads of branch divisions, and company secretary. It assists in coordinating and supervising ESG work and reports to the Board of Directors regularly. Their roles and responsibilities include:

- Set and implement relevant policies and measures following the Board's guidelines on ESG matters in each department
- Assist the Board of Directors in identifying, assessing, and managing ESG-related risks, and provide advice on formulating policies, goals, and work plans
- Regularly report ESG work performance to the Board of Directors to help review and improve the Group's sustainable development strategy and management

## Internal Working Group

The Internal Working Group is comprised of management representatives from the Group's various branch divisions. This group is responsible for coordinating and supervising ESG initiatives, providing regular progress reports to the ESG Working Group.

Key Roles and Responsibilities:

- Data Management: Collecting and managing all ESG-related data and information across the organization
- Reporting Support: Assisting in the preparation of the annual ESG report
- Information Disclosure: Ensuring the accurate and timely disclosure of relevant ESG information to stakeholders

# Environmental, Social and Governance Report

## Risk Management

The effectiveness of risk management is critical to the long-term growth sustainability of the Group's business. Effective ESG management helps us respond to various sustainable development risks and opportunities in a timely and effective manner. The Group has established a comprehensive ESG management system, which is divided into three levels and adopts a top-down management method, to consistently identify and evaluate the risks associated with its business operations.

At the group level, the Board is responsible for maintaining and reviewing the effectiveness of the Group's risk management and internal control systems. Corresponding management and control measures are implemented based on the severity of these risks. The Group has taken steps to mitigate the impacts of these risks in a timely manner, demonstrating its commitment to sustainable and responsible operations. Moreover, the Group has set up the Audit Committee, Remuneration Committee, and Nomination Committee under the supervision of the Board to conduct annual assessments on the existing and potential risks faced by the Group as a whole, review the effectiveness and suitability of the Company's internal control system, and give full play to the supporting role of laws, auditing, and discipline supervision, to ensure legal and compliant operations of the Company. In addition, the Company has also established an internal audit department, which is responsible for the construction, operation, and maintenance of the Company's risk prevention and control system.

We have incorporated ESG risks into the Company's risk assessment and management system. The response measures are set out in the corresponding sections of this report. The Board has also engaged an external advisor about ESG matters. These measures shall ensure the sustainable and responsible growth and operation of the Group.

## Task Management

The Board is responsible for approving the Group's ESG-related targets and reviewing the progress of their achievement; the ESG working group is responsible for formulating the relevant targets and work plans, overseeing the progress of implementation, and reviewing their effectiveness. In the future, the Group will aim to promote its experience and set up environmental-related targets on more campuses to promote ecological protection.

## Compliance Management

Complying with all applicable laws and regulations is the basic requirement of the Group in its operations and is also a reflection of its social responsibility. We understand that violations of laws and regulations will have various impacts on the Group. Impacts may include damage to the ability to operate a business, damage to public image and credibility, as well as legal penalties and litigation. Therefore, we have developed and implemented a series of policies and systems to strengthen compliance management and ensure that business activities comply with all relevant legal and regulatory requirements. The Board of Directors and the Audit Committee are responsible for reviewing and evaluating the internal control system.

During the Reporting Period, the Group had no cases of violations of laws and regulations related to various ESG aspects, and there were no corruption lawsuits filed against the Group or its employees.

For details on the Group's corporate governance practices including risk and compliance management, please refer to the section headed "Corporate Governance Report" of the Company's annual report.

# Environmental, Social and Governance Report

## Stakeholder Engagement and Materiality

Long-term support and trust of stakeholders is an important factor for the company's sustainable growth, and it also provides a solid foundation for us to formulate and implement effective sustainable development strategies, policies and measures.

The Group attaches great importance to establishing and maintaining two-way communication with stakeholders and strives to understand and respond to the concerns and expectations of various stakeholders to maintain close cooperation. Through a diversified and highly transparent communication platform, we regularly collect valuable opinions and suggestions from different stakeholders so that we can make corresponding improvements and adjustments in business management and sustainable development strategies to enhance ESG governance levels and performance.

Major Stakeholder	Communication Channels	Focus on Issues	The Group's Response and Measures
<i>Shareholders/Investors</i>	<ul style="list-style-type: none"> <li>- Annual general meetings and other general meetings</li> <li>- Annual reports and interim reports</li> <li>- Corporate communications (such as letters/circulars and meeting notice)</li> <li>- Results announcements</li> <li>- Investor meetings</li> <li>- Interviews</li> <li>- Investor relations emails</li> </ul>	<ul style="list-style-type: none"> <li>- Protection of shareholders' rights and interests</li> <li>- Accurate and timely disclosure of information</li> <li>- Enhancement of corporate governance</li> <li>- Risk management and control</li> <li>- Development of the Group's business and prospects</li> <li>- Formulation of business and financial strategies</li> </ul>	<ul style="list-style-type: none"> <li>- Convene annual general meetings and special general meetings</li> <li>- Improve transparency of information disclosure</li> <li>- Strengthen risk management and control</li> <li>- Promote sustainable development of the group</li> </ul>
<i>Teachers/Employees</i>	<ul style="list-style-type: none"> <li>- Emails, memorandums, and notices</li> <li>- Performance appraisals</li> <li>- Interviews</li> <li>- Seminars/workshops/speeches</li> <li>- Staff intranet</li> <li>- Regular training</li> </ul>	<ul style="list-style-type: none"> <li>- Protection of employee benefits and rights</li> <li>- Provision of competitive salary and welfare</li> <li>- Esurance of labour protection at the workplace</li> <li>- Promotion of employee development and training</li> <li>- Encouragement of employee involvement and policy democracy</li> <li>- Cultivation of corporate culture</li> <li>- Support for personal physical and mental health</li> </ul>	<ul style="list-style-type: none"> <li>- Follow labor standards</li> <li>- Provide competitive salary and benefits</li> <li>- Implement health and safety management system</li> <li>- Improve career development and training system</li> <li>- Host employee events</li> <li>- Establish a smooth and transparent communication mechanism to understand employees' opinions</li> </ul>

# Environmental, Social and Governance Report

Major Stakeholder	Communication Channels	Focus on Issues	The Group's Response and Measures
<i>Students</i>	<ul style="list-style-type: none"> <li>- Daily operations/communications</li> <li>- Telephone</li> <li>- Service brochure</li> <li>- Satisfaction survey</li> <li>- Job placement and entrepreneurship guidance and support</li> <li>- Employment return visit</li> </ul>	<ul style="list-style-type: none"> <li>- Customer service</li> <li>- Teaching quality</li> <li>- Transparent and reliable information</li> <li>- Data security and customer privacy management</li> <li>- Customer service and complaint handling</li> </ul>	<ul style="list-style-type: none"> <li>- Respond quickly to customer needs</li> <li>- Strengthen quality management</li> <li>- Upgrade information and network security systems</li> </ul>
<i>Suppliers/Partners</i>	<ul style="list-style-type: none"> <li>- Management procedures for suppliers</li> <li>- Supplier evaluation mechanism</li> <li>- Video conferences</li> <li>- On-site research and investigation</li> <li>- Mobile communication applications (such as WeChat)</li> </ul>	<ul style="list-style-type: none"> <li>- Supply chain management and sustainable development</li> <li>- Protection of suppliers' rights and interests</li> <li>- the Code of Business Conduct</li> <li>- Anti-corruption and anti-fraud</li> </ul>	<ul style="list-style-type: none"> <li>- Implement supplier admission and delisting mechanism</li> <li>- Conduct supplier training</li> <li>- Strengthen cooperation and communication</li> <li>- Commitment to operate with integrity</li> </ul>
<i>Government</i>	<ul style="list-style-type: none"> <li>- Report disclosure</li> <li>- Regulatory information submission</li> <li>- Forum exchange activities</li> <li>- Meetings and discussions with government authorities</li> </ul>	<ul style="list-style-type: none"> <li>- Compliance with laws and regulations</li> <li>- Ensurance of workplace safety and health</li> <li>- Adherence to national policies Taxation</li> </ul>	<ul style="list-style-type: none"> <li>- Ensure operations and legal compliance</li> <li>- Implement workplace safety measures</li> </ul>
<i>Community</i>	<ul style="list-style-type: none"> <li>- Site visit</li> <li>- Community activity</li> <li>- Social media</li> <li>- Public welfare activities</li> </ul>	<ul style="list-style-type: none"> <li>- Creation of economic benefits and promotion of employment</li> <li>- Provision of welfare for the community</li> <li>- Protection of the environment and natural resources</li> </ul>	<ul style="list-style-type: none"> <li>- Participate in community construction and services</li> <li>- Organize volunteer activities and encourage employees to actively participate</li> </ul>

# Environmental, Social and Governance Report

## Materiality Assessment

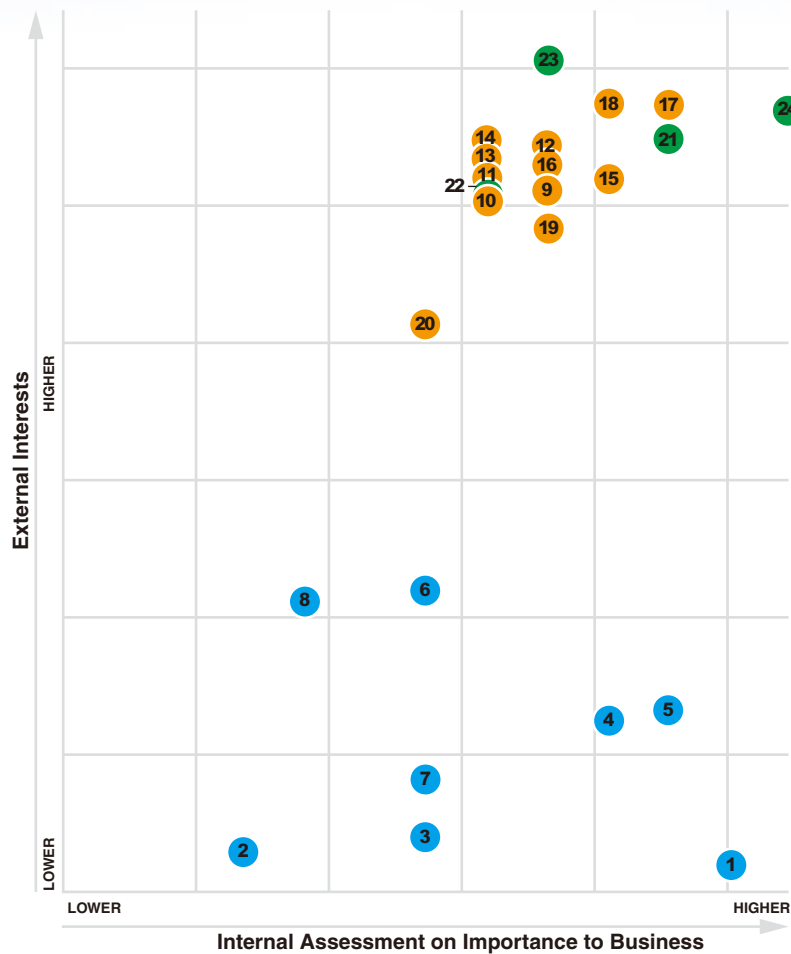
To promote its sustainable development, the Group regularly understands stakeholders' opinions and concerns on ESG matters through materiality assessment. During the Reporting Period, it has continued to entrust an independent sustainability consultant to carry out the materiality assessment. By inviting internal and external stakeholders to participate in the questionnaire survey, the assessment was conducted following the 3 steps of identification, prioritization, and verification. Based on the survey results, the Group has confirmed the materiality and impact of each sustainability issue on its sustainable development and determined the disclosure focus of the Report. Moreover, it will give priority to enhancing the ESG management work of related issues and incorporate into consideration its future adjustment in strategic planning and risk management.

- 1 Identification**
  - Referring to the “Guidelines”, reporting trends and industry practices, and screening based on the group’s internal situation, 24 ESG issues closely related to the group’s business were identified.
  
- 2 Prioritization**
  - Invite internal and external stakeholders to participate in an online survey to rate the importance of ESG issues.
  
  - Collect scores on two dimensions of each ESG issue, including the impact on the Group’s corporate value (financial importance) and the Group’s impact on the economy, environment, and society (impact importance), to determine the overall importance of each ESG issue.
  
  - Develop a materiality matrix and priority list of ESG issues.
  
- 3 Verification**
  - After the assessment results are reviewed and confirmed by the Board of Directors and senior management, the Group will make targeted responses and focused reports.

The stakeholder questionnaire survey of the Reporting Period was conducted online, 97 valid responses were received in total. Combining the impact of the issues on the Group’s corporate value and the Group’s impact on the economy, environment, and society, the following matrix shows the overall importance level of the 24 ESG issues, covering three aspects of “Environment”, “Society”, and “Governance” to compile the questionnaire. We identified five ESG issues after analysing the importance of the issues to the Group’s operations and stakeholders, considering the industry background, development status, and strategic planning. The five ESG issues, including “Innovation and Technology”, “Data Security and Customer Privacy Management”, “Intellectual Property Protection”, “Responsible Marketing and Labelling”, and “Business Ethics and Integrity”, located on the upper right side of the materiality matrix curve are regarded as “important issues”, and the Group will make targeted responses on relevant issues. At the same time, we will prioritize strengthening ESG management work on these issues and incorporate them into the Group’s future strategic planning and risk management considerations.

# Environmental, Social and Governance Report

Materiality of Different Topics from Stakeholder Engagement



## Environment

## Society

## Governance

- |   |                               |    |                                               |    |                                  |
|---|-------------------------------|----|-----------------------------------------------|----|----------------------------------|
| 1 | Air Emission                  | 9  | Employment Practices                          | 21 | Business Ethics and Integrity    |
| 2 | Greenhouse Gas Emissions      | 10 | Employee Participation                        | 22 | Risk Management                  |
| 3 | Waste Management              | 11 | Diversity and Equal Opportunities             | 23 | Intellectual Property Protection |
| 4 | Energy Consumption            | 12 | Development and Training                      | 24 | Innovation and Technology        |
| 5 | Water Usage                   | 13 | Occupational Health and Safety                |    |                                  |
| 6 | Raw Materials Consumption     | 14 | Labour Management                             |    |                                  |
| 7 | Climate Change and Resilience | 15 | Quality and Safety of Products and services   |    |                                  |
| 8 | Product Lifecycle Management  | 16 | Customer Engagement                           |    |                                  |
|   |                               | 17 | Data Security and Customer Privacy Management |    |                                  |
|   |                               | 18 | Responsible Marketing and Labelling           |    |                                  |
|   |                               | 19 | Responsible Supply Chain Management           |    |                                  |
|   |                               | 20 | Community Engagement and Investment           |    |                                  |

# Environmental, Social and Governance Report

We firmly believe that the opinions of stakeholders have an important impact on the Group's achievement of sustainable development goals. Further understanding and respecting the views and needs of stakeholders will enable the Group to make better decisions and plans. In the future, the Group will continue to strive to establish and maintain positive interactions with stakeholders through diversified, transparent, and effective communication channels, optimize sustainable development strategies, and make us more successful in the pursuit of sustainable development.

## A. COMMITMENT TO ENVIRONMENT

The Group attaches great importance to sustainable development and regards environmental protection as one of its core responsibilities.

The Group's operations, primarily conducted in offices and training centers, do not belong to energy-intensive industries and have minimal direct impact on the environment and natural resources. Nevertheless, the Group recognizes environmental protection as a key corporate responsibility. We remain committed to advancing corporate social responsibility (CSR) and sustainable development, integrating these principles into all core aspects of our business operations. We attach great importance to environmental protection and strictly abide by the Environmental Protection Law of the People's Republic of China (the "PRC"), the Law of the PRC on Conserving Energy, and other laws and regulations.

While developing our business, the Group thoroughly implements the concept of energy conservation and environmental protection by adopting a variety of measures, and continues to pursue clean, efficient, and green development. We have formulated internal policies, aiming to save energy, water, paper, and other resources, reduce ("GHG", mainly carbon dioxide, methane, and nitrous oxide) emissions and air pollutants from vehicles, as well as promote and support environmental policies including mitigation of climate change, while raising employees' awareness toward environmental protection. We will review and examine the implementation progress of various environmental protection measures, monitor each emission source, identify more opportunities for energy conservation and emission reduction, and establish relevant policies to effectively ensure that resources are used properly, aiming to reduce the environmental footprint. The following are some of the initiatives related to environmental protection.

### A1. Emissions

The Group is principally engaged in non-formal vocational education and training ("VET") which does not have significant air emissions nor discharges into water or land, such as nitrogen oxides, sulfur oxides, and respiratory suspended particles. Our carbon footprints mainly come from the use of electricity and water in offices, training centers, and a printing workshop, the use of office materials, the waste generated from operations, company vehicle usage, and business trips.

The Group discloses greenhouse gas emission data for our primary operations in Mainland China. Generally, the Group adopts the operational control approach to define the organizational boundary for reporting unless otherwise specified.

The Group calculates its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). The Group also refers to the Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) to identify Scope 3 greenhouse gas emissions among the fifteen Scope 3 categories. The Group has identified and disclosed three Scope 3 categories relevant to our business. Other categories are excluded as they are either not relevant to our business or the data is not material for quantification.

We have implemented environmental protection measures with energy management, water resource management, and waste reduction, to minimise the impact on the environment and natural resources.

# Environmental, Social and Governance Report

During the Reporting Period, the Group did not note any cases of material non-compliance relating to air and greenhouse gas emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste as required by the applicable laws and regulations that had a significant impact on the Group.

The Group has not yet incorporated internal carbon pricing into our decision-making processes. Considering that the introduction of internal carbon pricing is a long-term undertaking, the Group will conduct an assessment and study of its feasibility when the timing is appropriate.

## A1.1 Air Emissions

During the Reporting Period, the Group's consumption of petrol was attributed to the operation of its corporate vehicle fleet, which facilitates business travel, logistics, and other operational needs, in line with applicable policies and environmental considerations. The following table presents details of air emissions figures in 2025 and 2024:

The Type of Emissions	2025		2024	
	Emission (kg)	Intensity (g/Million RMB in revenue)	Emission (kg)	Intensity (g/Million RMB in revenue)
Total NOx emissions	53.76	20.08	52.12	18.68
Total SOx emissions	1.11	0.42	0.98	0.35
Total PM emissions	3.96	1.48	3.84	1.38

## A1.2 Greenhouse Gas Emissions

During the Reporting Period, 93,140.50 tonnes (2024: 131,112.86 tonnes) of carbon dioxide equivalent (tCO<sub>2</sub>e) GHG were emitted from the Group's operations. The Company's GHG emissions are generated from fuel consumption by vehicles, electricity and water consumption during operation, landfill, paper consumption, emissions from air travel of employees for business trips, etc.

Scope of GHG	Emission Sources	2025		2024	
		Emission (in tCO <sub>2</sub> e)	Total Emission (in %)	Emission (in tCO <sub>2</sub> e)	Total Emission (in %)
Scope 1 Direct Emissions	Combustion of Fuel in Mobile Sources	201.13	0.22%	177.14	0.14%
Scope 2 Energy Indirect Emission	Purchased Electricity	7,589.94	8.15%	7,089.35	5.41%
Scope 3 Other Indirect Emissions	Paper Waste Disposal	83,922.19	91.64%	122,379.10	94.46%
	Electricity Used for Processing Fresh Water and Sewage by Third Party Handler	88.63		72.17	
	Business Air Travels	1,338.62		1,395.10	
Total		93,140.50	100.00%	131,112.86	100.00%

*Note 1:* Emission factors were made reference to Appendix C2 of the Listing Rules and their referred documentation issued by the Stock Exchange, unless stated otherwise.

The overall intensity was 34.80 tCO<sub>2</sub>e (2024: 47.00 tCO<sub>2</sub>e) per m<sup>2</sup> of million RMB in revenue.

# Environmental, Social and Governance Report

## A1.3 Hazardous Waste

During the Reporting Period, 24.75 tonnes (2024: 26.38 tonnes) of hazardous waste were generated from daily business operations. The intensity was 9.25 kg (2024: 9.45 kg) of hazardous waste per million RMB in revenue. Hazardous wastes generated mainly comprised of ink waste, solid hazardous waste, waste containing organic solvents, electronic waste, and lightbulbs.

## A1.4 Non-hazardous Waste

Due to the business nature, the emission of noise and exhaust gas waste is immaterial. The Group's operations generated approximately 3,203.21 tonnes (2024: 2,970.67 tonnes) of non-hazardous waste, which mainly included everyday non-hazardous waste, food waste, and other paper waste.

### Non-hazardous Waste Generated in 2025 and 2024

#### Types of Non-Hazardous Wastes

#### Waste Generated

(tonnes)

2025

2024

Waste Plastic Film

13.81

23.45

Waste Wood

79.85

136.52

Other Paper Waste (e.g., newspaper, card paper)

3,109.55

2,810.70

The intensity was 1,196.73 kg (2024: 1,064.84 kg) of non-hazardous waste per million RMB in revenue.

## A1.5 Measures to Mitigate Emissions

The Group always advocates the concept of "green and sustainability" and is committed to making progress towards sustainable low-carbon operations and attempts to minimize resource consumption in daily operations. Currently, we formulate internal environment policies to reduce the impacts on the environment arising from our operations.

During the Reporting Period, the Group has taken the following resources-saving measures during its operations:

*For book-printing business unit:*

- The book-printing division will refine its production planning by implementing a six-month rolling forecast system in collaboration with all business units. This process ensures precise alignment between printing output and actual demand for both retail book sales and classroom educational materials.
- Continuous improvement in printing operations efficiency through providing on-the-job training to the employees of the book-printing operations and well-managed the printing machines.
- Further optimize the print output formatting, such as reducing default line spacing, reducing margins, reducing header/footer size, and reformatting reports/spreadsheets to fit a full page, to further reduce the paper usage without sacrificing the quality of the printing materials.
- Reduce the use of student notepads in classroom-based tutoring. Instead of providing a free notepad to each student, the students need to request the lesson. This can reduce the distribution of the notepads.
- The packaging cartons purchased are made of 10% recycled pulp.

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*For the Group:*

- The administrative department of the Group assesses and reports figures of consumption to the management team regularly. If there is any deviation, the Company will investigate the cause and take appropriate corrective measures.
- Issued the “Low-Carbon Energy Conservation Proposal” to encourage all employees to participate together.
- Put up slogans in the work area to remind employees to turn off all switches when they are off.
- Tailored-made the energy-saving and waste-reduction plan for offline teaching classrooms.
- Minimize the use of lighting and make full use of natural light sources.
- Switch off lights and powers for electronic devices when not used.
- Use double-sided printing of documents.
- Turn off the air-conditioning system during non-working hours to reduce unnecessary power consumption.
- Continuously reduce the provision of disposable bottled water in the classroom and provide barreled or purified drinking water to the students. Besides, we encourage students to bring their own water cups to reduce the consumption of disposable paper cups.
- Reduce the use of disposable products including wooden chopsticks, paper cups, and paper towels, and advocate for proper waste separation.
- Encouraged employees to take public and shared transportation to work.
- Regularly evaluated the number and cost of business trips and encouraged employees to replace business travel and long-distance face-to-face meetings with telephone or video conferences.

During the Reporting Period, there were no breaches or violations of the PRC environmental laws and regulations applicable to our business operations that would have a material and adverse effect on our business, results of operations, or financial condition.

## **A1.6 Waste Reduction and Initiatives**

The Group understands the importance of good waste management practices and strictly complies with the Law of the PRC on the Prevention and Control of Solid Waste Pollution, the Law of the PRC on Prevention and Control of Atmospheric Pollution, the Law of the PRC on Prevention and Control of Water Pollution, the Integrated Wastewater Discharge Standard, and other relevant environmental laws and regulations.

The Group’s operations involve the generation of carton boxes, general garbage, paper, plastic, and other non-hazardous waste. Through the specification of the management system, we reasonably classify, collect, store, and process all non-hazardous waste. To achieve the waste reduction goals of recycling, reducing waste, and saving costs, the Group advocates waste reduction at the source, strengthens the management and control of production units based on the principle of waste minimization, and reduces unnecessary waste generation.

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Non-hazardous waste is collected and handled by the administration department. Paper is used for daily office operations such as document printing and deliverable packaging. Paper-saving initiatives are encouraged among employees, such as adopting double-sided printing and printing with single-sided paper. We also encourage using electronic documents for document issuance and notification for promoting a paperless office. The Group tries to recycle paper used whenever possible in an attempt to reduce waste disposed of at landfills. Food waste is also properly classified and handed to third-party organisations to be converted into fertilizer or fodder.

The Group generated most of its hazardous waste from the printing workshop. We established a hazardous waste ledger to record the generation, disposal, and storage of hazardous waste. These wastes were collected by professional third-party waste-handlers for recycling, reuse, or further processing. We ensure that hazardous waste is disposed of through legal and compliant channels and regularly inspect the management of hazardous waste.

In the Reporting Period, the Group has set annual targets for the solid waste discharge of the Group, which were mainly focused on reducing waste discharge and demonstrated improvement. The Group will continue to refine and improve waste discharge strategies, to sustainably balance business growth and environmental protection. The Group aims to achieve a general reduction of 1% in overall hazardous waste and non-hazardous waste intensity in the upcoming three years.

## A2. Use of Resources

The Group advocates efficient energy management to reduce our carbon footprint and promote the reasonable consumption and conservation of energy, as well as to enhance the overall efficiency of energy consumption. In accordance with relevant laws including the Law of the People's Republic of China on Energy Conservation (《中華人民共和國節約能源法》) and the Energy Policy, we have formulated various energy reduction systems and established administration policies, continuously reduce energy consumption and improving energy efficiency by optimizing energy structure and applying advanced energy management technologies. We endeavor to reduce negative impacts on the environment through our commitment to energy saving and sustainable development. We also encourage to minimise its use of business travel.

### A2.1 Energy Consumption

A total of 13,110,590.73 kWh of energy (2024: 12,210,155.08 kWh) was consumed by the Group for its operations during the Reporting Period. Electricity was the major source of energy for the Group, consuming 12,440,493.31 kWh (2024: 11,619,972.90 kWh) for machinery in the printing workshop, lighting, air-conditioning, and other equipment of the training centers and offices necessary for its daily operations. The rest of the Group's energy source was petrol used for fueling its vehicle fleet, and 75,613.50 liters (2024: 66,595.90 liters) of petrol were consumed, which is equivalent to 670,097.42 kWh (2024: 590,182.18 kWh) of energy.

The following table presents details of energy consumption figures in 2025 and 2024:

Energy Consumption	2025		2024	
	Consumption (kWh)	Intensity (kWh/Million RMB in revenue)	Consumption (kWh)	Intensity (kWh/Million RMB in revenue)
Electricity	<b>12,440,493.31</b>	<b>4,647.82</b>	11,619,972.90	4,165.19
Petrol	<b>670,097.42</b>	<b>250.35</b>	590,182.18	211.55

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## **A2.2 Water Consumption**

The headquarters and training centers consumed 143,639.91 m<sup>3</sup> (2024: 116,972.08 m<sup>3</sup>) of water during the Reporting Period. The water intensity was 53.66 m<sup>3</sup> (2024: 41.93 m<sup>3</sup>) per million RMB in revenue.

## **A2.3 Energy Use Efficiency Initiatives**

We actively promote the principles of green energy conservation and sustainable resource utilization across our operations. As part of our commitment to environmental responsibility, we continuously optimize resource efficiency, implement energy-saving measures, and minimize carbon emissions throughout our business processes. To ensure tangible progress, we develop and enforce structured energy-saving policies and conduct reviews, demonstrating our strong emphasis on reducing environmental impact while maintaining operational excellence. Power consumption of the Group is primarily generated from the lighting, air conditioning, and other equipment in the printing workshop, offices, and day-to-day operations in training centers. For electronic devices, we use products with high energy efficiency certification and power-saving modes, such as computers and printers that can automatically enter the standby or sleep mode when idling. We also procure electronic devices that can accommodate multiple servers, such as printing facilities with multi-functional printing and copying devices and avoid using a single server with higher capacity to save electricity. During the Reporting Period, the Group has set annual targets and taken various measures to reduce its electricity and energy consumption during operation. In the future, the Group will strive to keep on improving consumption efficiency, to balance business growth and environmental protection.

The Group aims to achieve a general reduction of 1% in overall energy use intensity in the upcoming three years.

## **A2.4 Water Use Efficiency Initiatives**

The Company strictly abides by the rules and regulations about water pollution control. The domestic water we use is supplied by our property buildings, and we have no problem in sourcing water that is fit for purpose.

During the Reporting Period, the Group has set annual targets for the use of water resources of the Group, which were mainly focused on reducing water waste and improving the use efficiency of water resources. To achieve the targets, the Group has taken the following measures:

- Regularly inspect pipes and fixtures for leaks and fix them promptly to prevent water loss.
- Encourage the employees and the students to adopt water-saving habits, such as turning off taps when not in use, using water efficiently during cleaning processes, and reporting any water leaks or issues promptly.
- Recycled water resources under suitable conditions.

Through these measures, the Group aims to achieve a general reduction of 1% in overall water use intensity in the upcoming three years.

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## A2.5 Packaging Materials Management

For packaging materials, the Group mainly uses materials including cartons, plastic films, stretch films, packing tape, Kraft paper, and wrapping paper for packaging the printed materials. In accordance with relevant management regulations, the production department has conducted a demand review and inventory accounting for packaging materials and purchased on demand to avoid excessive waste. The Group also promotes saving packaging materials, improving the utilization efficiency of packaging materials through weight reduction and recycling, and controlling the volume and weight of packaging with environmentally friendly designs, to reduce resource consumption. The Group's packaging material consumption for the Reporting Period is as follows:

Packaging Material	Unit	2025	2024
Carton	KG	<b>1,132,221.46</b>	1,242,995.05
Films	KG	<b>59,815.00</b>	76,710.00
Paper	KG	<b>18,969.26</b>	21,000.63
Tapes	KG	<b>44,571.52</b>	37,635.36
Bubble Bags	KG	<b>110,348.00</b>	208,442.24
Total materials used in packaging	KG	<b>1,365,925.24</b>	1,586,783.28
Packaging materials intensity	KG/million RMB of revenue	<b>510.32</b>	568.78

## A3. The Environment and Natural Resources

We advocate the concept of "green and sustainability" and are committed to making progress towards a sustainable future by proactively addressing carbon emissions, waste management, energy, and water use. We formulate internal environmental policies to reduce the impacts on the environment arising from our operations.

### A3.1 Significant Impacts of Activities on the Environment

The Group's non-academic vocational education and training services do not have significant impacts on the environment and natural resources. The Group has established internal policies to reduce its consumption of resources, minimise business travel and encourage online meetings. The Group is also committed to purchasing from qualified suppliers who follow national environmental rules and regulations.

Our commitment to effective energy management focuses on optimizing consumption patterns, conserving resources, and reducing environmental impact, which collectively enhance our operational energy efficiency. In accordance with relevant laws including the Law of the People's Republic of China on Energy Conservation (《中華人民共和國節約能源法》) and the Energy Policy, we have formulated various energy reduction systems and established administration policies, continuously reducing energy consumption and improving energy efficiency by optimizing energy structure and applying advanced energy management technologies. In addition, we also endeavor to reduce negative impacts on the environment through our commitment to energy saving and sustainable development. We encourage online communications within the Group and with its business partners to reduce carbon emissions resulting from business travel.

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The printing process of our textbooks and learning materials may generate noise, solid waste, exhaust gas, and wastewater. Our subsidiary was awarded the certificate of CEC-7009EL issued by the China Environmental Labeling Center. This indicates our products not only qualified in quality but also meet the specific environmental protection requirements in the adoption of printing materials, process of printing technologies, and production processes. Compared with similar products, our printing has proven to be environmentally friendly.

To further cooperate with the Carbon Neutrality measures in mainland China, the Group continues to refine and improve resource-saving strategies, to balance business growth and environmental protection. Through these measures, the Group aims to achieve a general reduction of 1% in overall emission intensity in the upcoming three years.

## A4. Climate Change

Under the challenges of global climate change, economies and societies are facing unprecedented impacts. Mainland China is actively responding to this global issue by promoting a green economic transition and implementing stringent energy consumption targets to move towards “Carbon Peaking” and “Carbon Neutrality.” As a responsible corporate citizen, the Group fully supports this vision. The Group contributes to the achievement of the “Dual Carbon” goals through a comprehensive low-carbon operational strategy. The Group continuously optimizes its operational processes, strive to reduce our environmental footprint, and establish a robust internal policy framework to ensure that all production bases adhere to the highest standards in emissions management and resource utilization.

### A4.1 Governance

The Group’s climate-related matters and issues are guided, reviewed, and monitored by the Board of Directors. The Board has authorized the ESG Working Group and Internal Working Group to execute specific tasks. This section provides disclosure on climate governance in accordance with the requirements of Paragraph 19 of Part D of the Guide, including the Board’s oversight of climate-related risks and opportunities, the role of management, performance metrics and related monitoring measures.

To enhance the Board’s professional knowledge and decision-making capabilities regarding climate issues and to strengthen climate governance, our Board members participate in at least one ESG-focused training session annually. This reinforces their awareness of responsibility and commitment to promoting sustainable development.

In assessing whether the Board collectively possesses the appropriate skills and competencies to oversee climate-related risks and opportunities, the Board periodically reviews its knowledge requirements through structured self-assessments and discussions during routine meetings. These reviews enable the Board and senior management to identify areas where additional climate-related expertise may be beneficial. Where gaps are identified, the Group arranges external briefings, industry updates, or ESG-specific training for directors and senior management. This ensures continued alignment with evolving regulatory expectations and climate-related developments, with relevant expertise incorporated into Board appointments and succession planning where necessary.



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The Board has delegated the day-to-day management of climate-related risks and opportunities to the ESG Working Group. This group is responsible for executing climate and energy-related initiatives and collaborating with external consultants to assess climate risks and opportunities. Furthermore, the ESG Working Group facilitates cross-departmental coordination and communication to ensure that climate risk management at the group level is both comprehensive and effective. The ESG Working Group provides updates on climate-related risks, opportunities, and progress during regular management meetings and periodic reporting to the Board. Climate-related matters are reported to the Board through established reporting channels, with Executive Directors and senior management providing progress updates during routine Board meetings.

The Board is briefed on climate-related risks, opportunities, performance metrics, and emerging regulatory developments at least annually, or more frequently should significant issues arise. The Group has integrated climate-related controls and monitoring procedures into its existing internal control and risk management systems, ensuring that climate-related considerations are reviewed alongside other operational, compliance, and strategic risks.

The Group recognizes the importance of linking climate performance with executive remuneration to enhance the Group's climate resilience and long-term value. In the future, the Group will explore the feasibility of incorporating climate-related indicators into the remuneration considerations for senior management.

## **A4.2 Strategy**

In the face of challenges and opportunities brought by climate change, the Group maintains a proactive stance, deeply analyzing industry-specific climate risks and formulating corresponding response strategies. By establishing a refined risk assessment mechanism, the Group is not only able to identify potential threats in advance but also seize development opportunities arising from the green transition.

Our climate strategy integrates various scenario assessment tools, including scenario analysis using the Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA) low-carbon and high-carbon scenarios to evaluate our operational assets and business activities. By combining multiple possibilities for future global climate change, the Group identifies climate-related risks and opportunities to assess the Group's climate resilience. This approach is consistent with the principles of IFRS S2 Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB), ensuring that the Group's strategic planning is built upon the latest climate science and global socio-economic projections.

During the Reporting Period, the Group commissioned an external independent consultant to conduct a preliminary identification and analysis of climate-related risks and opportunities based on our industry and the geographical locations of our major operating sites in Mainland China. This will serve as a foundation for the Group's future climate transition plans. Our current research covers designated assets and operations; the Group will explore the feasibility of expanding the scope of research in the future. Furthermore, regarding the financial impact on the upstream and downstream supply chain caused by risks, the Group has not yet collected sufficient data for a full assessment. Moving forward, the Group will gradually strengthen communication and mobilization across the value chain to help suppliers establish climate risk assessment and monitoring systems and expand the scope of our evaluation.

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## A4.3 Assessment of Time Horizons and Climate Scenario Selection

Category of Risks & Opportunities	Assessment Time Horizon <sup>1</sup>	Climate Scenario Selection
Physical Risks	<ul style="list-style-type: none"> <li>• Acute</li> <li>• Chronic</li> </ul>	IPCC AR6 Shared Socioeconomic Pathways (SSP) <ol style="list-style-type: none"> <li>1) Low-carbon Scenario (Aligned with Paris Agreement):               <ul style="list-style-type: none"> <li>• SSP1-2.6</li> </ul> </li> <li>2) High-carbon Scenario (Business-as-usual) :               <ul style="list-style-type: none"> <li>• SSP5-8.5</li> </ul> </li> </ol>
Transition Risks	<ul style="list-style-type: none"> <li>• Policy and legal risk</li> <li>• Technology risk</li> <li>• Market risk</li> <li>• Reputation risk</li> </ul>	International Energy Agency (IEA) <ol style="list-style-type: none"> <li>1) Low-carbon Scenario (Aligned with Paris Agreement):               <ul style="list-style-type: none"> <li>• Net Zero Emissions (NZE) Scenario</li> </ul> </li> <li>2) High-carbon Scenario (Business-as-usual) :               <ul style="list-style-type: none"> <li>• Stated Policies Scenario (STEPS)</li> </ul> </li> </ol>
Climate-related opportunities	<ul style="list-style-type: none"> <li>• Resource efficiency</li> <li>• Energy source</li> <li>• Markets</li> <li>• Resilience</li> </ul>	

<sup>1</sup> Definition of Time Horizons: The Short-term horizon is aligned with the 2030 “Carbon Peaking” target of Mainland China, the Group’s primary operating location. The Medium-term and Long-term horizons are defined in 10-year intervals to match the frequency of climate risk variations, allowing for the assessment of impacts across different strategic planning stages.

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## A4.4 Results of Climate-related Risks and Opportunities Analysis

Description	Impact Level and Time Range	Influence Path	Financial Impact
<b>Climate Risks</b>			
<b>Physical Risks</b>			
<i>Acute Risk</i>			
<ul style="list-style-type: none"> <li>• Extreme weather events (typhoons, flooding, and heatwaves)</li> </ul>	<ul style="list-style-type: none"> <li>• Medium</li> <li>• Short to Long-term</li> </ul>	<ul style="list-style-type: none"> <li>• Disruption of offline teaching centers, affecting facility accessibility and employee/student commuting.</li> <li>• Potential delay in delivery of books and printing materials.</li> <li>• Physical damage to inventory, including raw materials for tutoring materials and finished textbook stocks.</li> <li>• Potential interruption of local IT systems or telecommunications, requiring a shift to off-site cloud disaster recovery.</li> </ul>	<ul style="list-style-type: none"> <li>• Potential revenue loss from business interruptions and course schedule delays.</li> <li>• Increased expenditures for facility repairs and asset impairment of damaged textbooks and electronic equipment.</li> <li>• Additional operating costs associated with activating emergency IT recovery resources.</li> </ul>
<i>Chronic Risk</i>			
<ul style="list-style-type: none"> <li>• Rise in mean temperatures and frequency of extreme heat</li> </ul>	<ul style="list-style-type: none"> <li>• Medium</li> <li>• Long-term</li> </ul>	<ul style="list-style-type: none"> <li>• Increased energy demand for cooling office facilities and local server rooms supporting R&amp;D activities.</li> <li>• Higher stress on electronic equipment and technology infrastructure, leading to accelerated wear and tear.</li> </ul>	<ul style="list-style-type: none"> <li>• Escalated operating expenditures driven by higher electricity consumption.</li> <li>• Increased maintenance costs and potential capital expenditure for the replacement of cooling systems and IT hardware.</li> </ul>
<b>Transition Risks</b>			
<i>Policy and Legal Risk</i>			
<ul style="list-style-type: none"> <li>• Increasingly rigorous environmental regulations</li> <li>• Rising carbon prices</li> <li>• Stringent carbon management policies</li> </ul>	<ul style="list-style-type: none"> <li>• Medium</li> <li>• Medium to Long-term</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening of ESG disclosure requirements for listed technological companies.</li> <li>• Potential introduction of carbon pricing mechanisms indirectly increasing the cost of electricity for data centers.</li> </ul>	<ul style="list-style-type: none"> <li>• Growth in operating costs and associated compliance expenditures.</li> </ul>

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Description	Impact Level and Time Range	Influence Path	Financial Impact
<p><i>Technology Risk</i></p> <ul style="list-style-type: none"> <li>Technological improvements or innovations required for the transition to a low-carbon, energy-efficient economic system</li> </ul>	<ul style="list-style-type: none"> <li>Medium</li> <li>Short to Medium-term</li> </ul>	<ul style="list-style-type: none"> <li>Necessity to improve energy efficiency of AI models.</li> <li>Requirement for software architecture upgrades to support energy-efficient operations on third-party cloud platforms.</li> </ul>	<ul style="list-style-type: none"> <li>Increased capital expenditure associated with infrastructure upgrades and the adoption of green building standards.</li> <li>Higher operational expenditure resulted from specialized equipment procurement and comprehensive workforce transition training.</li> </ul>
<p><i>Market Risk</i></p> <ul style="list-style-type: none"> <li>Rising expectations for sustainable and responsible digital services</li> </ul>	<ul style="list-style-type: none"> <li>Low</li> <li>Short to Long-term</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholders increasingly favor education providers that demonstrate responsible use of technology and low-carbon digital footprints.</li> </ul>	<ul style="list-style-type: none"> <li>Potential reduction in market share and slower revenue growth if sustainability expectations are not addressed.</li> </ul>
<p><i>Reputation Risk</i></p> <ul style="list-style-type: none"> <li>Increased stakeholder concern regarding climate-related information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Low</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li>Reputational damage and financing obstacles resulting from non-compliant disclosures amidst increasingly stringent requirements from regulators, investors, and consumers.</li> <li>Operational and revenue risks arising from disclosure gaps.</li> </ul>	<ul style="list-style-type: none"> <li>Potential revenue loss resulting from diminished brand loyalty and shifting customer preferences.</li> <li>Increased financing costs and restricted access to capital markets.</li> <li>Reduction in profitability due to higher cost of capital and potential divestment by ESG-conscious investors.</li> </ul>

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Description	Impact Level and Time Range	Influence Path	Financial Impact
<b>Climate-related Opportunities</b>			
<i>Resource Efficiency</i>			
<ul style="list-style-type: none"> <li>Expansion of financing channels through green and sustainable finance instruments</li> <li>Efficiency gains in operations and labor management through digital empowerment</li> </ul>	<ul style="list-style-type: none"> <li>Medium</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li>Diversified financing channels arising from green finance, which support the Group's business expansion and enhance capital liquidity and efficiency in the use of funds.</li> <li>Optimization of resource allocation through digital intelligent platforms and standardized processes.</li> </ul>	<ul style="list-style-type: none"> <li>Generation of additional revenue streams through the monetization of carbon assets.</li> <li>Lowered financing costs and enhanced capital allocation efficiency.</li> </ul>
<i>Energy Source</i>			
<ul style="list-style-type: none"> <li>Adoption of energy-efficient computing and cloud technologies</li> </ul>	<ul style="list-style-type: none"> <li>Medium</li> <li>Short to Long-term</li> </ul>	<ul style="list-style-type: none"> <li>Optimization of AI algorithms to improve the computing efficiency of personalized learning tasks.</li> <li>Strategic selection of third-party cloud infrastructure providers that utilize renewable energy and green data centers.</li> </ul>	<ul style="list-style-type: none"> <li>Reduced long-term cloud service expenditures through optimized computing resource utilization.</li> </ul>
<i>Market</i>			
<ul style="list-style-type: none"> <li>Growing demand for flexible, low-carbon digital education</li> </ul>	<ul style="list-style-type: none"> <li>Low</li> <li>Short to Long-term</li> </ul>	<ul style="list-style-type: none"> <li>Increasing student preference for geography-independent online learning and personalized AI-driven education solutions.</li> <li>High cost-effectiveness of AI products (e.g., AI Teacher) driving faster market penetration.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable revenue growth driven by the expansion of the AI-empowered course product matrix.</li> </ul>
<i>Resilience</i>			
<ul style="list-style-type: none"> <li>Enhanced operational resilience through digital systems</li> </ul>	<ul style="list-style-type: none"> <li>Medium</li> <li>Short to Long-term</li> </ul>	<ul style="list-style-type: none"> <li>Leveraging an asset-light, digital-first model to maintain teaching continuity during regional extreme weather.</li> <li>The Online-Merge-Offline structure enables the flexible reallocation of teaching resources across different provinces.</li> </ul>	<ul style="list-style-type: none"> <li>Protection of core revenue streams and market share capture during periods of regional environmental instability.</li> <li>Lower business volatility and enhanced brand reliability compared to traditional infrastructure-heavy education providers.</li> </ul>

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It is important to note that these scenarios do not represent the final outcomes for the Group. The assumptions within the scenario analysis may or may not materialize and are based on information available at the time of the analysis. These scenarios may be influenced by other factors beyond the assumptions made in the analysis; therefore, they do not represent actual future results.

## **A4.5 Response Measures and Action Plans**

Based on the results of scenario analysis, we have taken appropriate measures to enhance our capacity for climate risk response, mitigation, and adaptation, and to strengthen climate resilience in response to identified significant physical and transition risks. The Group has formulated policies related to energy consumption and climate change and implemented them at key operating points. The Group regularly reviews the effectiveness of relevant policies and measures:

- |                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strengthening risk-awareness and emergency management | <ul style="list-style-type: none"><li>• Enhance risk awareness, improve prevention and control capabilities, and focus on preventing and mitigating major risks.</li><li>• Strengthen emergency management training for leaders at all levels in collaboration with relevant departments to increase awareness of extreme weather events and improve emergency response capabilities.</li></ul>                                                                                                                                                                                                                                                                          |
| Strengthening forecast and warning                    | <ul style="list-style-type: none"><li>• Prioritize prevention and increase the frequency of monitoring and forecasting extreme weather events.</li><li>• Establish a point-to-point warning and response mechanism to promptly alert relevant departments to undertake preventive measures.</li><li>• Issue meteorological warning information to company employees to enable them to prepare for disaster prevention and mitigation in advance.</li></ul>                                                                                                                                                                                                               |
| Strengthening the operability of contingency plans    | <ul style="list-style-type: none"><li>• Establish a sound linkage mechanism between meteorological warnings and emergency response, quantify relevant activation standards, and formulate specific measures to prevent and respond to extreme weather events.</li><li>• In case of extreme weather conditions that create unanticipated system failure which may lead to lost data, three streamline broadcast service providers are engaged to ensure smooth operations even under extreme climate.</li><li>• Diversify the services locations and increase choices of online lessons to reduce the impact of classroom-based teaching under extreme weather.</li></ul> |

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Enhancing the coordination in disaster prevention and relief

- Strengthen the leadership in disaster prevention, reduction, and relief work, and strictly implement the responsibilities of various departments.
- Promote the responsibilities of the emergency management department and other relevant departments, establish emergency contacts and duty personnel, and fully leverage leadership, command, and coordination roles.
- Arrange training on safety emergency handling and operation of automated external defibrillator.

Strengthen resource prepositioning

- Select classroom locations that are relatively prosperous or have better infrastructure, typically less prompt to the drainage and transportation issues.
- Based on risk assessment, guide and urge relevant departments to preposition response resources for high-risk areas.
- In terms of infrastructure, in addition to basic fire and flood prevention measures, special treatments are carried out based on regional geological characteristics.
- Various measures have also been taken for system maintenance in response to natural disasters, such as off-site data backup. Local core system data (SAP/MBS, etc.) are backed up daily and synchronized in an off-site data backup center on Alicloud, ensuring data availability in extreme situations. Rapid application recovery can be achieved using Alicloud's resources to quickly restore the business application environment in the event of a loss at the local data center, combined with off-site data backup to ensure business system availability. Fast network recovery is achieved by utilizing reliable third-party network infrastructure (such as Tencent and Alicloud) to build a network spanning the cities where the business operates, allowing secure access to any branch.
- Suppliers in neighboring regions of our operations preferred to avoid carbon emissions from transportation, especially air pollution.

Strengthening publicity and education

- Widely carry out disaster prevention and reduction publicity and education to enhance employee risk awareness and disaster prevention capabilities.



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At this stage, due to the limited availability of reasonable and supportable forward-looking data and the high degree of measurement uncertainty involved, the Group is unable to provide quantitative forecasts of the future financial impacts arising from climate related risks and opportunities. The Group currently has no formal climate-related transition plan or has developed a structured transition path, nor has it established the explicit assumptions or dependencies typically found in such plans. The Group currently does not have any other capital investment or divestment plans specifically driven by climate related considerations. Any future climate related capital expenditures will be assessed based on operational needs, commercial rationale, and evolving regulatory requirements. The Group has also not formulated any climate specific funding strategy at this stage. Climate related initiatives, where required, will continue to be supported through existing operating budgets, and the Group will consider additional funding needs as climate related requirements or strategic priorities evolve. While the separate quantification of individual climate related financial effects is not feasible at present, the Group anticipates that the combined financial impact of climate related risks – primarily those relating to extreme weather events, energy price volatility, and supply chain disruptions – may affect operating costs and gross profit margin in the future.

During the Reporting Period, The Group did not experience any significant impacts from extreme weather events. To mitigate physical and transition risks, the Group has proactively implemented energy-saving and carbon-reduction initiatives, with a view to establishing a green and low-carbon operating model.

The Group maintains comprehensive oversight of energy conservation and emission reduction measures. Dedicated teams are responsible not only for the regular collection and monitoring of energy consumption data, but also for conducting periodic equipment inspections to ensure energy efficiency. Through the setting of clear targets and regular performance assessments, the Group continues to enhance its energy management system and effectively minimise resource wastage. These initiatives not only demonstrate the Group's commitment to climate change mitigation, but also reflect its determination to strengthen climate resilience across its operations. Detailed information regarding climate-related targets and progress can be found in the "A. Commitment to environment" section of this report.

Meanwhile, the Group monitors developments in global and local climate-related policies and regulations, technological advancements and market trends on an ongoing basis, and maintains communication with relevant government and regulatory authorities to ensure awareness of regulatory updates and compliance with applicable requirements. The Group is assessing the feasibility of adopting environmental technologies and green energy solutions in appropriate areas of its operations to mitigate climate-related risks associated with technological and market transitions.

The Group publishes ESG reports on a regular basis to facilitate stakeholder communication and enhance transparency. In addition, the Group engages external professional advisers periodically to review climate-related impacts and response measures, identify emerging climate-related risks, and assess potential implications for the Group's operations and business.

# Environmental, Social and Governance Report

## **A4.6 Risk Management**

The Group has incorporated climate-related risks and opportunities into its enterprise risk management framework to enhance operational resilience and maintain competitiveness amid evolving climate-related challenges. Compared with prior years, the Group has, during the Reporting Period, adopted a more integrated approach to the management of climate-related risks and opportunities by referencing climate disclosure frameworks and applying climate-related scenario analysis methodologies. This approach supports systematic identification, assessment and management of climate-related risks and opportunities. Information on the key assumptions, input parameters, and the nature of identified risks and opportunities is set out in the section headed “A4.2 Strategy” of this Report.

To address the challenges arising from climate-related risks, the Group has established a climate risk management framework and engages both external experts and internal stakeholders to enhance its capabilities in addressing climate-related matters. Through regular stakeholder engagement, relevant perspectives are incorporated into the Group’s climate strategy to ensure alignment with business development objectives and emission reduction targets.

The Group follows a structured process to identify and prioritise material physical and transition risks and opportunities, assess their potential impact on business operations and financial performance, and develop corresponding resilience measures. Through ongoing review and refinement of its risk management practices, the Group seeks to strengthen its ESG management framework and support long-term sustainable development.

## **B. COMMITMENT TO EMPLOYEE**

The Group upholds the core value of “people-oriented” and is committed to building an excellent and diverse team.

### **B1. Employment**

#### **B1.1 Employment Figures**

The Group upholds the “people first” principle and believes that effective personnel management is essential to attaining sustained corporate development. In keeping with the people-oriented principle, we uphold the rights and interests of every employee, control employment practices, safeguard workers’ occupational health and safety, and foster an inclusive, safe, and healthy work environment in order to strengthen the close, long-term collaboration between our staff and ourselves.

Our innovative solutions to address the unmet needs of students are supported by our dedicated and talented employees. The Group values the opinions of employees and believes good employee relations are crucial to the long-term development of its business. Effective communication channels have been set up for employees of different age groups and assistance appropriate to their needs is offered, to maintain a harmonious workplace, and ultimately enhance work efficiency and productivity.

# Environmental, Social and Governance Report

The Group acts in strict compliance with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Women's Rights and Interests, the Law on the Protection of Minors, and the Provisions on Prohibiting the Use of Child Labour. In addition, we have formulated the Employee Handbook 《員工手冊》 to facilitate the building of talent teams and strive to create an equal, inclusive, healthy and safe working environment. Our Employee Handbook mandates human resource management policies, including equal employment, attendance management, remuneration and benefits, recruitment and promotion, training and development, health and safety, performance assessment, code of conduct, etc., to keep employees aware of the Company's management basis and their interests.

During the Reporting Period, the Group did not note any cases of material non-compliance in relation to employment, including the provision of a safe working environment and protecting employees from occupational hazards.

As of 31st December 2025, we had a total of 7,005 (2024: 7,177) employees. See below the detailed breakdown of the workforce.

<b>Total Workforce as of 31 December</b>	<b>2025</b>	<b>2024</b>
<b><i>By Employment Type</i></b>		
Full-time	<b>100.00%</b>	100.00%
Part-time	<b>0.00%</b>	0.00%
<b><i>By Gender</i></b>		
Female	<b>72.16%</b>	71.42%
Male	<b>27.84%</b>	28.58%
<b><i>By Employee Category</i></b>		
Senior Management	<b>0.07%</b>	0.07%
Middle Management	<b>0.29%</b>	0.28%
Frontline and Other Employees	<b>99.64%</b>	99.65%
<b><i>By Age Group</i></b>		
18-25	<b>9.38%</b>	6.41%
26-35	<b>81.53%</b>	84.55%
36-45	<b>8.89%</b>	8.86%
46-55	<b>0.20%</b>	0.18%
56 or above	<b>0.00%</b>	0.00%
<b><i>By Geographical Location</i></b>		
Mainland China	<b>99.99%</b>	99.99%
United States	<b>0.01%</b>	0.01%

# Environmental, Social and Governance Report

## B1.2 Turnover Figures

A total of 1,482 (2024: 2,131) employees left the Group during the Reporting Period, which gave a turnover rate of 21.16% (2024: 29.69%). The Group regularly reviews remuneration and benefits to retain talents and stay attractive and competitive in the market. See below for the detailed breakdown of the turnover rate by employee group.

<b>Turnover Rate as of 31 December</b>	<b>2025</b>	<b>2024</b>
<b>By Employment Type</b>		
Full-time	<b>21.16%</b>	29.69%
Part-time	<b>0.00%</b>	0.00%
<b>By Gender</b>		
Female	<b>19.51%</b>	26.71%
Male	<b>25.44%</b>	37.15%
<b>By Employee Category</b>		
Senior Management	<b>0.00%</b>	0.00%
Middle Management	<b>0.00%</b>	0.00%
Frontline and Other Employees	<b>21.23%</b>	29.80%
<b>By Age Group</b>		
18-25	<b>40.49%</b>	94.13%
26-35	<b>20.31%</b>	27.03%
36-45	<b>8.83%</b>	8.96%
46-55	<b>7.14%</b>	7.69%
56 or above	<b>0.00%</b>	0.00%
<b>By Geographical Location</b>		
Mainland China	<b>21.17%</b>	29.71%
United States	<b>0.00%</b>	0.00%

# Environmental, Social and Governance Report

## ***B1.3 Employee Recruitment, Compensation, and Benefits***

The Group complies strictly with all applicable laws and regulations in relation to recruitment, pursuant to which the Group is to select, recruit and promote its employees at all levels in a fair, just and open manner based on their knowledge, integrity, ability and experience in either public recruitment or internal promotion, so as to ensure meritocracy and attract the best professional elites in the industry. We encourage and advocate equal opportunities and diversity. We recruit talent through the talent market, online platforms, on-campus job fairs, internal referrals, and other channels to build our employer brand that can meet the needs of our business. It forbids engagement in or support of discrimination based on ethnicity, social class, gender, etc. in such areas as recruitment, salary, and promotion. The recruitment process is arranged by the human resources department, with interviews arranged for the selected candidates. Qualified applicants shall provide their identity documents, academic certificates and resumes. The applicants shall pass the prescribed recruitment process and become officially employed after signing the employment contracts. The Group ensures to carefully go over the identities and birth certificates of the qualified applicants to eliminate child labour at the source. During the Reporting Period, the Group was not aware of any instance of child labour and forced labour.

The Group sets up different career paths for the management, general, and technical personnel with corresponding different promotional channels. We assess each talent according to the performance appraisal result and skill sets, combined with measures such as talent review, and various training programs to provide equal and consistent opportunities for them to achieve career ambitions.

We routinely carry out thorough appraisal assessments on the work performance, work ability, and work attitude of the workforce through the performance appraisal system. The work performance, work ability, and professional abilities of employees can be consistently enhanced through a suite of closed-loop performance management tools. Employee arrangements for promotions, pay adjustments, and terminations will be impacted by the evaluation results.

We provide competitive compensation, and the level which our employees receive will be driven by their qualifications, experience, potential, and performance. The Group's employees in the PRC are entitled to five national statutory social insurances (including basic pension insurance, basic medical insurance, work-related injury insurance, maternity insurance, and unemployment insurance) as well as commercial and accident insurance under the statutory employment ordinance of the PRC.

In addition to local statutory holidays such as basic paid annual leave, the qualified employees are also entitled to wedding leave, maternity and paternity leave, and bereavement leave.

The Group implements a flexible working hours system requiring employees to work eight hours a day and five days a week. We comply with all working hours, rest, and vacation regulations of the Labour Law of the People's Republic of China to ensure the physical and mental health of all employees. The Group does not force employees to work overtime. Employees may apply for overtime in advance. On statutory holidays, the approved overtime will be paid according to the Labour Law of the People's Republic of China. After consulting with the employees, those who work overtime on weekends will be compensated with rest days. In addition to legal holidays, employees are entitled to annual leave, personal leave, sick leave, marriage leave, maternity leave, paternity leave, bereavement leave, and work-related injury leave.

We are committed to providing our employees with a warm and safe working environment and taking a holistic approach to employee well-being. We offer programs that support healthy work-life harmony, promote employee communication, and encourage employees to make suggestions for the improvement of the Group.

# Environmental, Social and Governance Report

## ***B1.4 Communication with employees***

The Group attaches great importance to the opinions of employees. We understand that employees are our close and long-term partners and good employee relations are crucial to long-term development of the business. Maintaining effective and positive mutual communication can not only promote smooth operations, but also enhance mutual understanding and trust, and contribute to the stable development of the Company. Effective communication channels have been set up for employees in different age groups and assistance appropriate to their needs is offered, with the aim of maintaining a harmonious workplace, and ultimately enhancing work efficiency and productivity.

The Group mainly releases information and key issues to employees through internal office platforms, which include but not limited to emails, announcements, and corporate micro-channels. The employees can share opinions in the following ways:

- Several communications channels have been set up to receive and handle employees' opinions and demands;
- Employees can share their opinions with the leaders of the department or branch campus first. They can also share the opinions with the corresponding departments or the Audit and Supervision Department of the headquarters;
- Employees can leave comments via corporate mailbox, QQ, Weibo and WeChat;
- Employees are encouraged to provide real-name feedback and promise to protect employees from adverse effects. Meanwhile, an anonymous mailbox has also been set up to regularly collect employees' thoughts and opinions.

The Group carefully reviews and considers all opinions from its employees and makes corresponding improvement to ensure their rights and interests.

## ***B1.5 Equal Opportunity and Anti-Discrimination***

The Group attaches particular importance to equal employment opportunities and complies strictly with anti-discrimination laws. The Group has also formulated an internal policy on equal employment opportunities, aiming to treat both employees and job applicants fairly and ensure they are not discriminated against for their gender, marital status, pregnancy, age, family status, disability, ethnicity, nationality or religion. The Group treats each of its employees fairly and justly and offers equal opportunities to them in recruitment, promotion, rewards, training, etc., and promise that no discrimination will be tolerated. The Group shall consider disciplinary punishments on anyone who violates this policy. In compliance with the law, the Group provides training courses from time to time to prevent employees from being discriminated, harassed, and harmed during work.

# Environmental, Social and Governance Report

## B2. Employee Health and Safety

The health and safety of our employees is a priority for us. We strictly follow relevant laws and regulations on occupational health and safety, including the Work Safety Law of the People's Republic of China 《中華人民共和國安全生產法》 and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases 《中華人民共和國職業病防治法》, and have established the Rules for the Administration of Safe Production 《安全生產管理規程》 to manage work safety and occupational health of our employees.

We allocate adequate resources and efforts to uphold and improve our safety management to reduce the inherent risks related to safety issues. Fire drills are conducted by administrative departments in different offices every year to enhance staff's awareness of fire prevention and safety accident response ability. The HR department also regularly provide safety education training programs to the employees. The training content covers safety production requirements, hazard sources, identification of safety hidden dangers, safety protection, safe operation, etc.



During the Reporting Period, the Group did not experience any accidents or claims for personal or property damage that, individually or in aggregate, had a material effect on our Group's financial condition and results of operations. We had complied with the applicable national and local safety laws and regulations in all material respects, and the relevant PRC authorities had not imposed any material sanctions or penalty on us for incidents of non-compliance of any safety laws or regulations in the PRC. We have not been subject to any material claim or penalty in relation to health, safety, or social protection, or been involved in any significant workplace accident or fatality.

### B2.1 Work-related Fatalities and Injury

Health & Safety	2025	2024	2023
Work related fatality	0	0	0
Fatality rate <sup>1</sup>	0.00%	0.00%	0.00%
Work injury cases >3 days	8	8	3
Work injury cases ≤3 days	0	0	0
Lost days due to work injury	514	613	101

The Company attaches great importance to the occupational safety of all colleagues and has devoted efforts to protecting the health of its staff. During the Reporting Period, the Group did not receive any complaints or lawsuits regarding violations of health and safety-related laws, and there was no work-related death in the past three years.

# Environmental, Social and Governance Report

## B3. Development and Training

Talents are one of the most important assets of the Group, the Group has staff development and training policies designed to help employees realise their potential. Developing our people professionally is one of the most important things to us. We have developed diversified training programs such as new employee training, management skills training, professional skills training, management system training, to help our employees improve their working abilities and experience.

During the Reporting Period, 7,005 (2024: 7,177) employees, or 100.00% (2024: 100.00%) of all employees, received training as arranged by the Group, and the average training hours that each employee received was approximately 6.34 hours (2024: 6.19 hours) . The percentage and average training hours per gender and employee category during the Reporting Period are as follows:

	2025		2024	
<b>By Gender</b>				
Female	100.00%	6.22 hrs	100.00%	6.13 hrs
Male	100.00%	6.65 hrs	100.00%	6.32 hrs
<b>By Employee Category</b>				
Senior Management	100.00%	25.00 hrs	100.00%	25.00 hrs
Middle Management	100.00%	25.00 hrs	100.00%	25.00 hrs
Frontline and Other Employees	100.00%	6.27 hrs	100.00%	6.12 hrs



Development and Training Program



New-Year Celebration Dinner



Outdoor Adventures for National Day

# Environmental, Social and Governance Report

## B4. Labour Standards and Diversity Inclusion

We strictly abide by the Labour Law of the People's Republic of China, Provisions on Prohibiting the Use of Child Labour and other laws and regulations, and prohibit any forms of child labor and forced labour. All work is voluntarily performed and shall not involve forced labour, debt repayment or contractually bound labour or involuntary prison labour. The Group prohibits recruitment of child labor, or workers aged below 15 (or at legally forbidden age).

Before hiring, the HR Department verifies the age of candidates by conducting in-depth identity document checks and interviewing them. If the Group finds evidence of child labor, it will take the appropriate action in accordance with the "Child Labor Rescue and Help Procedures" such as: end the employment, set up a physical test to ensure the child's health, and cover all associated costs.

We do not tolerate forced labour through violence, threats, coercion, or unlawful restraint. The Group does not tolerate any physical, sexual, psychological, or verbal harassment or abuse of employees. We have procedures in place to ensure relevant policies are properly implemented throughout the Company. These include giving relevant training, employee interviews and surveys, and conducting onsite visits and audits regularly. Issues or inquiries raised by employees via different channels will be handled and investigated by the Group carefully and with strict confidence.

We treat all employees fairly in terms of hiring, advancement, training, and other aspects of their job. We prohibit employment discrimination based on age, gender, nationality, color, marital status, or religion. We are also committed to embracing diversity within our business and treating all of our employees fairly and respectfully in terms of hiring, training, wellness, and professional and personal development. While working to ensure equal career possibilities for all, we continue to promote work-life balance and a pleasant workplace culture for all our employees. During the Reporting Period, there were no instances of child or forced labour.

## C. COMMITMENT TO CUSTOMERS

As a responsible company, we attach great importance to practicing social responsibilities and are committed to enhancing mutual trust with customers and suppliers to promote long-term cooperative relationships.

### C1. Supply Chain Management

To streamline material supply, boost efficiency, and enhance partner oversight, the Group has formulated the Procurement Management System (《採購管理制度》), Working system of Cultural and Creative Procurement Department (《文創採購部工作制度》), Purchasing Management System of Bulk Purchasing Department (《大宗採購部採購管理制度》) and other policies and guidelines to scientifically manage the school procurement. Our suppliers mainly provide us with office supplies, teaching material, supplementary teaching material, furniture, teaching devices and other equipment.

As at 31 December, 2025, The Group has 3,822 (2024: 3,963), all suppliers are located in China (including Hong Kong and Macau).

# Environmental, Social and Governance Report

## **C1.1 Practices and Implementation of Supplier Engagement**

In order to improve procurement efficiency and reduce procurement costs, the whole procurement process usually involves different departments including:

- 1) Various business departments that clarify the procurement demand and budget;
- 2) Functional departments that carry out standard judgment and standard output for the procurement of materials and services;
- 3) Purchasing department that directly participates in the procurement process, formulates the Group's overall procurement plan, and controls the procurement process;
- 4) Finance and legal departments that support the procurement process including project budget, contract financial terms, tax terms and other audit support.

The Group encourages healthy and fair competition among suppliers, and often invites at least three possible bidders. We verify and conduct due diligence on the legitimacy of relevant suppliers, including the validity of their business license, tax registration certificate, and organization code certificate, logistic licenses (if required), qualification, business scope, and operating and financial results over the previous three years. The suppliers are requested to provide quality examination reports, quality certification, and other relevant materials for specific products for internal auditing. We will arrange a site visit to suppliers' production facilities. All suppliers must have a respectable business reputation/record, a sound service team, a completed tax payment record, a solid accounting system, and no records of lawsuits. Suppliers who participate in bidding and procurement will subsequently go through an approval and probation phase. After the probationary period is completed, the group will sign a procurement contract with the supplier. During the payment process, the Group's financial personnel analyze the full procurement procedure as well as upstream papers, and payment is made in accordance with contract criteria.

## **C1.2 Suppliers Rating Policy**

The Group actively cooperates with suppliers to ensure the quality of purchased goods; apart from conducting periodic random inspection on product quality with suppliers, we explicit product quality assurance period on contracts. The Purchasing Department has also formulated "Supplier Evaluation Criteria Form" 《供應商評審標準表》 and shall organize the rating of key suppliers every two years.

<b>Score</b>	<b>Grading of Suppliers</b>	<b>Company Policies</b>
80-100 points	Grade A	<ul style="list-style-type: none"><li>• Given priority to purchase</li></ul>
60-80 points,	Grade B	<ul style="list-style-type: none"><li>• Maintains normal procurement and requires improvements</li></ul>
40-60 points	Grade C	<ul style="list-style-type: none"><li>• Secondary procurement source</li><li>• Can only purchase non-essential products</li></ul>
less than 40 points	Grade D	<ul style="list-style-type: none"><li>• Blacklisted</li><li>• Forbidden purchases from the suppliers for three years</li></ul>

Those with a comprehensive score of more than 60 points are qualified suppliers, those with more than 80 points are high-quality suppliers, and those with less than 60 points are unqualified suppliers.

# Environmental, Social and Governance Report

## C2. Service Responsibility

As a leading non-formal VET service provider in China, we are dedicated to making high-quality non-formal VET services accessible through technology and innovation. Our major products covered online premium courses with personalized tutoring services, offline course offerings on a large-scale basis, “challenge exercise” product leveraging our industry-leading data analytics and AI technologies, comprehensive online question bank in China’s recruitment examination tutoring industry and large-scale online mock examination products. All the training centers, as well as other ancillary services, are operated in accordance with the relevant education laws and regulations in their respective jurisdictions, such as the Vocational Education Law of the People’s Republic of China 《中華人民共和國職業教育法》 and Education Promotion Law of the People’s Republic of China 《中華人民共和國民辦教育促進法》, to provide high quality online and offline higher education and vocational education services.

### **C2.1 Consistent High-quality Education**

We hope that vocational education can better empower students and help them improve their skills through diversified teaching methods. High-caliber teaching staff are at the core of satisfactory learning outcomes and examination passage rates, which are highly valued by students when choosing service providers. The group has a deep bench of qualified teaching staff. Firsthand teaching experience is also critical for our high-quality content development as it allows us to react to the evolving market demands and the differentiated learning patterns. We have developed substantially all the content on our platform in-house, and most of our content development specialists routinely participate in frontline teaching activities. As a result, we are able to formulate well-designed curricula and learning materials to facilitate an effective learning experience for students. Furthermore, the abundant teaching experience of our content development team, combined with our robust big data analytics, forms a solid foundation for us to continuously refine our course materials and teaching techniques. In addition, long-standing players in the industry can continue to attract and retain high-caliber teaching staff with brand reputation, competitive compensation package and well-designed instructor training system.

### **C2.2 Compliance Marketing**

Fair dealing and truthful advertising are essential for preserving the reputation of the Group. We use trademarks, images, labels, and other information properly, and strictly manage the authenticity, accuracy, and compliance of the marketing information applied in the whole marketing process. During the Reporting Period, the Group was not aware of any incidents of non-compliance with laws and regulations having a significant impact on the Group relating to marketing.

### **C2.3 Intellectual Property Rights**

Intellectual property is crucial to the success of the Group. Our strong R&D and innovation efforts build the strong foundation of our business success. Protecting our IPs is essential for us to maintain competitiveness in the market. Thus, while being committed to technological innovation, we also regard intellectual property protection such as patent application and trademark registration as vital and conducive to the Group’s healthy and sustainable long-term development.

We strictly abide by the Patent Law of the People’s Republic of China 《中華人民共和國專利法》, the Trademark Law of the People’s Republic of China 《中華人民共和國商標法》 and other laws and regulations. We formulated the Intellectual Property Management Policy 《知識產權管理制度》 with the intent to develop a culture that protects our IPs from growing external threats and organize IP protection training for the staff.

# Environmental, Social and Governance Report

We are committed to protecting the intellectual properties of the Company as well as other parties, including patents, trademarks, and copyrights. Use of all such properties must be in accordance with applicable laws and regulations. Any form of infringement of intellectual property rights are forbidden. We have set up channels for reporting any potential infringement and misappropriation incidents.

During the Reporting Period, there was no reported incident of violation of intellectual property rights, patents, or trademarks. The Group continued to solidify its technological leadership and commitment to innovation, maintaining a robust intellectual property portfolio that now comprises 31 invention and utility model patents. This commitment to R&D was further evidenced by the successful grant of 3 new patents during the Reporting Period, reflecting our ongoing momentum in technical excellence and our strategic focus on safeguarding the proprietary advancements that drive our long-term sustainable growth.

## **C2.4 Customer Services**

We are dedicated to delivering high-quality non-academic vocational education and training via technology. We have created a comprehensive vocational examination training product and service portfolio with strong synergy effects, as well as high-quality online training courses in the form of live or recorded broadcasts, supplemented by online self-study materials and tools, to prepare individuals for public positions and careers. Adult students in units are offered a comprehensive selection of recruitment and qualifying examination training courses, as well as a variety of other professional and industry advancements. We protect students' rights and interests in receiving education and fundamental personal rights. We encourage students to give us feedback and assess the quality of our services in a timely manner.

## **C2.5 Quality Assurances**

The Group has taken active measures of improvement for reasonable requests. In order to effectively protect the rights and benefits of our students and employees, we establish a number of communication channels aiming to collect feedback from students and employees, in a more efficient manner, which include daily operations/communications, telephone, WeChat, email and mailbox.

A comprehensive mechanism for handling student complaint was established to manage the collection, transmission, and handling of complaints as well as return visits. Upon receiving a relevant complaint, such complaints will be reported to relevant departments in a timely manner, where they shall understand the root cause of the issue, proactively seek solutions, and formulate relevant measures to prevent similar situations from recurring. If the Group receives a material complaint, a special handling team will be set up in order to jointly formulate a handling plan, while ensuring the comprehensiveness, rationality and compliance of the plan as much as possible, and also strengthening communication with customers and striving to properly solve the related problems. The Group's customer relations managers will maintain close communication with its customers. In addition, the Group provides employees with training to improve their efficiency and capacity in handling students' complaints.

During the Reporting Period, this open communication culture resulted in the consolidation of 7,648 complaints across all channels. Our dedicated support teams achieved an 82.48% resolution rate where students expressed full satisfaction with the outcome. In more complex cases where initial communication did not lead to a consensus – representing 17.18% of total reports – we maintained a persistent commitment to fair mediation, while a minimal 0.34% of cases were formally escalated to our legal department to ensure a professional and structured resolution.

# Environmental, Social and Governance Report

To ensure no student concern is overlooked, our internal analysis tracks feedback across a comprehensive range of operational pillars. Because a single interaction may involve multiple facets of the student experience, our recorded “Complaint Categories” exceed the total number of unique tickets. This granular approach allows us to monitor the quality of teaching faculty, course curriculum, and class group services, alongside the professional conduct of counseling and support staff.

Furthermore, we rigorously track feedback regarding academic supervision, environmental settings, and the technical functionality of our client interface. By also closely monitoring logistics and books as well as after-sales policies, Fenbi ensures that every touchpoint – from the delivery of physical materials to the clarity of refund rules – is aligned with our mission to safeguard student interests and provide a seamless educational journey.

## **C2.6 Objectivity of Enrollment Advertisement**

We carry our enrollment advertisement and promote our products mainly through advertising on mainstream media such as official website, mobile apps, internet media, mobile newspaper, mobile application of mainstream media and official account on WeChat platform. The Group carry out promotional activities in strict compliance with relevant laws and regulations in their respective jurisdictions and have formulated the Summary of High-frequency Compliance Questions 《合規高頻問題答疑匯總》, Advertising Compliance Guidelines 《廣告宣傳合規指引》, Advertising Compliance Review Process Operation Instructions 《廣告宣傳合規審核流程》操作說明, to make filing and effect management and control of the advertisement and promotional information. All advertisement and promotional information are accurate, objective, true and not misleading.

During the Reporting Period, the Group was not involved in any material litigations, disputes or negative news coverage. The Group also didn't record any products sold or shipped subjects to recalls for safety and health reasons.

## **C2.7 Confidential Information**

The Group adheres to laws and regulations such as the Cybersecurity Law of the People's Republic of China 《中華人民共和國網絡安全法》 and the Regulations on the Management of Information Security 《信息安全管理制度》. We undertake serious measures to protect the IT resources and data privacy of the Company and its stakeholders, including employees, business partners and customers. Our privacy policies and IT policies included Information System Personnel Safety Management System 《信息系統人員安全管理制度》, Information System Information Security Organization and Job Responsibilities Management System 《信息系統信息安全性群組織及崗位職責管理制度》, Information System Security Incident Reporting and Handling Management System 《信息系統安全事件報告和處置管理制度》. According to the importance of data, all data is divided into 4 levels: C-1 Unrestricted, C-2 Restricted, C-3 Confidential, and C-4 Top Secret. The Group stipulates the principles and responsibilities on personal data protection, as well as preventive mechanisms for checking information leakage. Employees in high-risk positions are required to sign confidentiality agreements. Disciplinary actions are taken against individuals who have violated the policy. The Company takes the responsibility of ensuring that no unauthorised person can access confidential information.

We also respect the privacy of customers and employees and ensure that individual information will not be leaked and abused. We sign confidentiality agreement with our business partners to avoid leakage of privacy. During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations having a significant impact on the Group relating to customer privacy matters.

# Environmental, Social and Governance Report

## **C2.8 Security Management and Remedial Guidelines**

To strengthen tracking, analysis, testing, distribution and inspection process of security patches for the information system, the Group implements the remedial measures for computers, network equipment, and database systems, in order to ensure the proper security of user personal information, reduce the security risks, and improve information system security.

The threat level of security loopholes shall be analyzed. For different security loopholes, the corresponding remedial period are as follows:

<b>Threat Level</b>	<b>Definition</b>	<b>Maximum Remedial Period</b>
Urgent	Exploit the vulnerability to remote access to administrator privileges	2 Days
Serious	Attack programs and viruses combine to form network worm	5-10 Days
Medium	Gain normal user access/elevated privileges/denial of remote service	10-30 Days
Low	Information leakage, denial of local service	30-90 Days

## **C2.9 Anti-Corruption and Business Ethics**

The Company regards knowledge of and compliance with laws as the foundation of our business. The Group always adheres to its core values and establishes an honest, trustworthy, standardised and transparent business environment. We are committed to building a culture of compliance at our Group that engages all of our employees and business partners in ethical behaviors. In order to ensure the compliance of the Company's business operations and the suitability of relevant regulations in the industry, the Group has formulated internal policies which cover management systems in different scopes, including governance, business operations, financial management, personnel management, general management and information security. The Group will regularly review the prevailing laws and regulations, industry norms and its business development, to update and revise the compiled articles in due course.

The Company attaches great importance to the corporate culture of integrity and anti-corruption, always adheres to the highest standards of ethics and business integrity, and abides by the laws and regulations to prevent bribery, corruption, money laundering and fraud in its business operation. The Group has formulated company policies covering compliance, integrity, and ethics, internal reporting and handling, and anti-fraud and anti-corruption systems, in order to regulate the professional behaviors and professional ethics of all employees of the Group, to establish a good atmosphere of integrity and diligence, and to prevent frauds.

The Group developed a sound governance structure for preventing corruption, bribery, extortion, fraud, and money laundering. The management team take the responsibility to supervise and guide the anti-fraud to establish an anti-fraud cultural environment within the company and establish an internal control system preventing fraudulent activities. Head of the department/branch is responsible for maintaining the internal control system, setting up a reporting channel, implementing control measures, and taking remedial measures to reduce the chance of fraudulent activities within the Company. All staff shall abide by the Company's code of conduct and relevant national and industrial laws and regulations and report fraudulent activities to the Company through proper channels.

# Environmental, Social and Governance Report

The Group has also formulated sound whistle-blowing policies to encourage all directors, employees and third parties (including customers and suppliers of the Company) to report any misconduct, dereliction of duty or violations. The whistle-blower can report unethical behaviours or any suspected illegal acts or dereliction of duty to the Company in the form of writing such as mails, suggestion boxes, e-mails or other channels. The identity of the whistle-blower will be kept strictly confidential. Any discrimination or retaliation against reporters will not be tolerated, and the reporters will be protected in assisting the investigation. The whistle-blowing mechanism is coordinated by the Group's internal audit department. Upon receiving whistle-blowing incidents, the department will analyse and sort out the whistle-blowing information. After preliminary review and verification, if it is believed that the reported person does have the facts of disciplinary violations, the investigation shall be formally filed and handled in accordance with the relevant regulations of the discipline inspection and supervision department.

If fraud cases are identified, we will take remedial measures to rectify the internal control of the affected business units. For the employees who are confirmed to have fraud, we will punish them according to our internal regulations; for those who violate the law, we will transfer them to the judicial organs for further handling.

In order to enhance the anti-corruption awareness and level of employees, during the Reporting Period, 76 employees, including the directors, management and frontline employees of the Company received anti-corruption training, with an average training hour of 13 hours per employee. Topics of anti-corruption training included corruption reporting situations, anti-corruption laws and cases, roles of directors and employees in combating corruption, job embezzlement, fraud, and misappropriation of funds, etc. During the Reporting Period, the Group was not aware of any incompliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering.

### C3 Awards and Recognitions

During the Reporting Period, the Group is glad to receive recognition for excellence in business through a variety of local authorities and customers.

#### Name of Awards



Beijing Association of Non-Government Education Public Welfare Programme "Warm Light Initiative" Brand Case  
北京民辦教育協會公益項目“暖光行動”品牌案例

#### Issuing Authority

Beijing Association of Non-Government Education  
北京民辦教育協會



2025 Noteworthy AIGC Products  
2025年值得關注的AIGC產品

QbitAI  
量子位

# Environmental, Social and Governance Report

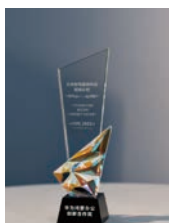
## Name of Awards

## Issuing Authority



2025 Noteworthy AIGC Enterprise  
2025年值得關注的AIGC企業

QbitAI  
量子位



Huawei HarmonyOS Office Innovation Collaboration Award  
華為鴻蒙辦公創新合作獎

HDC 2025  
華為開發者大會2025



New Quality Pioneer – Model Cultivation Award  
新質先鋒 培樹典型

Social Work Department of Beijing Chaoyang District Development and Reform Commission  
北京市朝陽區發展和改革委員會



ESG Excellence PR Team Award – Golden Grid Award (金格獎)  
格隆匯金格獎ESG卓越PR團隊

Social Work Department of Beijing Chaoyang District Development and Reform Commission  
北京市朝陽區發展和改革委員會



Top 100 Cultural Industry Private Enterprises in Beijing  
北京民營企業文化產業百強

Beijing Federation of Industry and Commerce  
北京市工商業聯合會

# Environmental, Social and Governance Report

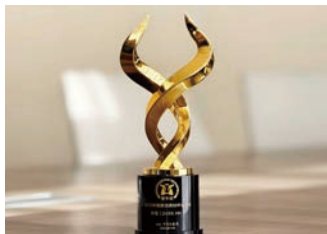
## Name of Awards

## Issuing Authority



Digital Technology Innovation Award at  
China International Digital Economy Expo 2025  
2025中國國際數字經濟博覽會  
數字技術創新獎

Co-hosted by China Association of Inventions,  
China International Association for Promotion  
of Science and Technology, China Information  
Industry Association and Xinhua News Agency  
中國發明協會、中國國際科技促進會、中國信  
息協會、新華網共同主辦



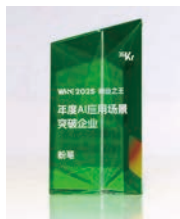
2025 New Consumption Benchmark Golden Bull Award  
2025年度新消費標杆金牛獎

China Securities Journal  
中國證券報



Pioneer Enterprise Award in Education + AI  
教育+AI先鋒企業獎

Jiemodui  
芥末堆



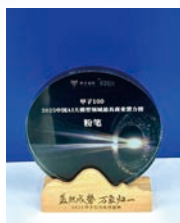
Breakthrough Enterprise in AI Application Scenarios of the Year  
年度AI應用場景突破企業

36Kr  
36氪

# Environmental, Social and Governance Report

## Name of Awards

## Issuing Authority



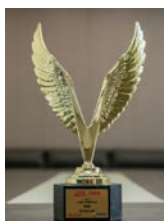
Jazzyear  
甲子光年

2025 China AI Large Model Sector – Most Commercially Promising Companies List  
2025中國AI大模型領域最具商業潛力榜



Zhitong Finance  
智通財經

Most Valuable Artificial Intelligence Company  
最具價值人工智能公司



Shanghai Securities News  
上海證券報

Value Growth Enterprise Award  
價值成長企業獎



GeekPark  
極客公園

Annual AI Scenario Innovation Award  
年度AI場景創新



QbitAI  
量子位

2025 Leading Artificial Intelligence Enterprise  
2025年度人工智能領航企業

# Environmental, Social and Governance Report

## Name of Awards

## Issuing Authority



2025 Outstanding Artificial Intelligence Product  
2025年度人工智能傑出產品

QbitAI  
量子位



Outstanding Case of AI + Education Integration Development  
AI+教育融合發展優秀案例

Xinhua News Agency-Education  
新華網教育



Most Investment-Potential Hong Kong-listed Company  
港股最具投資潛力上市公司

National Business Daily  
每日經濟新聞



2025 "Good Company 50" Industry Leadership Award  
【2025好公司50】行業領先大獎

Jiemian News  
界面新聞



Hong Kong Stock Connect Outstanding Award of the Year  
年度港股通卓越獎

Gelonghui  
格隆匯

# Environmental, Social and Governance Report

## Name of Awards

## Issuing Authority



Huanqiu.com

Annual Outstanding Case in Technological Innovation  
年度科技创新优秀案例



Stockstar.com  
證券之星

AI Application Innovation Ranking  
AI應用創新榜



Investor.org.cn  
中國投資者網站

Golden Bridge Award – AI Empowered High-Growth Enterprise  
金橋獎•AI賦能卓越成長企業

# Environmental, Social and Governance Report

## D. COMMITMENT TO THE COMMUNITY

The Group attaches great importance to social responsibility. While making achievements in its own development, it also hopes to care for and meet the needs and interests of local communities and promote the harmonious development of society.

Through various means of community participation and contribution, the Company is committed to spreading the spirit of service in the community and building a sustainable and inclusive society. While actively developing its business, the Group never forgets to support various community engagements in order to give back to society. As a renowned VET service provider, the Group has always provided long-term and stable job opportunities to society, maintained good employment relationships, increased local taxation, and improved the local automobile sales brand, thus promoting local economic development, and achieving self-development and a win-win situation with the local community.

In addition, the Group attaches great importance to social public welfare activities and hopes to spread the love and warmth of the Group to society. It has contributed to activities and organisations that are beneficial to the community. During the Reporting Period, the Group participated in the following charitable activities:

### Beneficiary

Party-Member and Community Service Center of Dayushu Township, Zhuozi County, Inner Mongolia  
內蒙古卓資縣大榆樹鄉黨群服務中心

Residents affected by the Tai Po fire in Hong Kong

Haidian District Committee of the Communist Youth League  
共青團北京市海淀區委員會

Jiangtai Township People's Government, Chaoyang District  
北京市朝陽區將台鄉人民政府

### Details of Donations and Community Support

In July 2025, the Group donated RMB 20,000 to the Party-Member and Community Service Center of Dayushu Township, Zhuozi County, Inner Mongolia, (內蒙古卓資縣大榆樹鄉) to support regional rural revitalization and community development.

On November 29, 2025, the Group donated HKD 1,000,000 to provide emergency relief and support for residents affected by the Level 5 fire at Wang Fuk Court, Tai Po, Hong Kong.

From April 11 to May 29, 2025, the Group co-hosted the inaugural "Career in the Future" Fenbi University Student Employment and Growth Open Competition in Haidian District, Beijing. We provided prizes including a RMB10,000 Gold Award, RMB5,000 Silver Award, RMB3,000 Bronze Award, and various educational course packages to support youth career development.

On April 3, 2025, the Group organized a cohort of employees to participate in the 2025 Spring Voluntary Tree Planting Activity in Jiangtai, Beijing, actively contributing to local ecological preservation and urban greening.

# Environmental, Social and Governance Report

## Beneficiary

Library in Karakash county, Khotan prefecture  
和田墨玉縣圖書館

## Details of Donations and Community Support

In August 2025, in response to the initiative of the District Committee of the Communist Youth League, the Group organized a company-wide book donation drive. A total of 300 books were collected and donated to the Library in Karakash County, Khotan Prefecture, Xinjiang, to support regional literacy and cultural development.

In the future, we will continue to work proactively with charitable organizations and participate in various community investment and charitable activities especially in culture and sports area. To help create a peaceful and healthy society, the Group will keep allocating greater funds to social welfare and environmental protection initiatives, as well as embracing corporate social responsibility.

To demonstrate our commitment to social inclusivity, equal opportunity, and diversity in the workplace, we actively seeking to hire disabled employees. This not only aligns with our ESG goals but also contributes to a more inclusive society and positive corporate culture. In addition to hiring, we further support disabled employees by providing reasonable workplace accommodations, accessibility measures, and inclusive policies. This includes offering flexible work arrangements, accessible infrastructure, assistive technologies, and training programs to promote their professional development. During the Reporting Period, there are 64 (2024: 67) disabled employees in the Group. By fostering a diverse and inclusive workforce, we are dedicated to making a positive impact on society and creating a brighter future for all.

# Independent Auditor's Report



To the Shareholders of Fenbi Ltd.  
(incorporated in the Cayman Islands with limited liability)

## OPINION

### What we have audited

The consolidated financial statements of Fenbi Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”), which are set out on pages 124 to 212, comprise:

- the consolidated balance sheet as at December 31, 2025;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (“**ISAs**”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Hong Kong Institute of Certified Public Accountants (the “**Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Hong Kong SAR, China  
T: +852 2289 8888, F: +852 2810 9888

# Independent Auditor's Report

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to revenue recognition of tutoring services.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition of tutoring services</p> <p>Refer to Note 4(b) and Note 5 to the consolidated financial statements.</p> <p>The Group is engaged in the tutoring services to customers through online platforms and classroom-based platforms. During the year ended December 31, 2025, the Group recognised revenue from tutoring services including classroom-based and online tutoring services collectively amounting to RMB2,289,263,000.</p> <p>Revenue from the tutoring services is recognised when the performance obligation is satisfied over the relevant periods in which the services are rendered. For certain courses, customers are eligible to obtain a partial or full refund based on the terms of the relevant contracts. The Group recognised some or all of the amount of the refund related variable considerations in revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur or when the uncertainty associated with the variable consideration is resolved. The Group estimates the refund related variable considerations and refund rates by taking into consideration of the customer behaviours and historical experience. The estimation of the refund related variable considerations and refund rates in the tutoring services involves significant accounting estimates and judgments.</p> <p>We considered that revenue recognition of tutoring services is a key audit matter because of large volume of transactions, large number of customers and the significant judgments on the recognition of variable considerations and hence significant effort was spent on auditing revenue recognition.</p>	<p>In response to this key audit matter, we performed the following procedures:</p> <ul style="list-style-type: none"><li>– Assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity, subjectivity and other inherent risk factors;</li><li>– Evaluated the appropriateness of the Group's revenue recognition policies across various tutoring services based on the applicable financial reporting standards;</li><li>– Understood, evaluated and tested, on a sample basis, the key internal controls in relation to recognition of revenue from tutoring services;</li><li>– Discussed with management and assessed the appropriateness of the refund rates used in management's estimation and measurement of the refund related variable considerations by considering the Group's historical data; and</li></ul> <p>In respect of the revenue from tutoring services including classroom-based and online tutoring services, we performed the following testing procedures on a sample basis:</p> <ul style="list-style-type: none"><li>– Tested revenue transactions by comparing the underlying contracts, the key terms and attributes of the contracts, where relevant, against the underlying data recorded in the Group's IT systems used in the transaction processing;</li><li>– Tested the mathematical accuracy of the calculations of the revenue recognised proportionately over the relevant period in which the services were rendered;</li><li>– Checked revenue transactions to supporting evidence (e.g. student attendance records, bank documents related to the course considerations received and refunds); and</li><li>– Tested the mathematical accuracy of the calculations of refund related variable considerations.</li></ul>

Based on the procedures performed, we found that the revenue transactions tested and the judgments applied in revenue recognition were supported by available evidence.

# Independent Auditor's Report

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the Fenbi Ltd. 2025 Annual Report (the “**annual report**”) other than the consolidated financial statements and our auditor's report thereon. We have obtained some of the other information including the Management Discussion and Analysis prior to the date of this auditor's report. The remaining other information, including the Corporate Information, Chairman's Statement, Results Highlights, Directors and Senior Management, Directors' Report, Corporate Governance Report, Environmental, Social and Governance Report and the other sections to be included in the annual report, is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining other information to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee and take appropriate action considering our legal rights and obligations.

## RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

# Independent Auditor's Report

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

*(Continued)*

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



# Independent Auditor's Report

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

*(Continued)*

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is TSANG, Man Kam, Peter.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, March 31, 2026

# Consolidated Statement of Profit or Loss

(Expressed in Renminbi Yuan unless otherwise indicated)

	Notes	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
<b>Revenue</b>	5	<b>2,676,628</b>	2,789,781
Cost of revenue	5, 8	<b>(1,243,499)</b>	(1,325,803)
<b>Gross profit</b>		<b>1,433,129</b>	1,463,978
Administrative expenses	8	<b>(383,111)</b>	(411,400)
Selling and marketing expenses	8	<b>(643,989)</b>	(630,874)
Research and development expenses	8	<b>(244,637)</b>	(221,129)
Net impairment losses on financial assets		<b>(1,067)</b>	(174)
Other income	6	<b>16,956</b>	22,152
Other gains, net	7	<b>11,521</b>	4,658
<b>Operating profit</b>		<b>188,802</b>	227,211
Finance income		<b>37,257</b>	39,693
Finance costs		<b>(3,935)</b>	(4,865)
Finance income, net	10	<b>33,322</b>	34,828
Share of net loss of investments accounted for using the equity method	38	<b>(293)</b>	–
<b>Profit before income tax</b>		<b>221,831</b>	262,039
Income tax expense	11	<b>(23,705)</b>	(22,469)
<b>Profit for the year</b>		<b>198,126</b>	239,570
<b>Profit attributable to :</b>			
– Owners of the Company		<b>198,126</b>	239,570
<b>Earnings per share for profit attributable to owners of the Company (RMB)</b>			
Basic earnings per share	12	<b>0.09</b>	0.11
Diluted earnings per share	12	<b>0.09</b>	0.11

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

# Consolidated Statement of Comprehensive Income

(Expressed in Renminbi Yuan unless otherwise indicated)

	<b>Year ended December 31,</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
<b>Profit for the year</b>	<b>198,126</b>	239,570
<b>Other comprehensive income</b>		
Items that may be reclassified to profit or loss		
– Currency translation differences of the Company's subsidiaries	<b>3,174</b>	(4,820)
Items that will not be reclassified to profit or loss		
– Currency translation differences of the Company	<b>(26,785)</b>	21,944
<b>Other comprehensive (loss)/income for the year, net of tax</b>	<b>(23,611)</b>	17,124
<b>Total comprehensive income for the year</b>	<b>174,515</b>	256,694
<b>Total comprehensive income for the year attributable to:</b>		
– Owners of the Company	<b>174,515</b>	256,694

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

# Consolidated Balance Sheet

(Expressed in Renminbi Yuan unless otherwise indicated)

	Notes	As at December 31,	
		2025	2024
		RMB'000	RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	70,874	80,574
Right-of-use assets	15	75,018	91,511
Intangible assets	14	3,182	2,994
Prepayments and other receivables	18	29,669	10,684
Investments accounted for using the equity method	38	5,807	–
Deferred income tax assets	29	32,754	38,970
Term deposits with initial term of over three months	23	200,099	200,123
<b>Total non-current assets</b>		<b>417,403</b>	424,856
<b>Current assets</b>			
Inventories	19	67,738	77,042
Trade receivables	17	26,847	20,629
Contract assets	5	10,672	12,806
Prepayment and other receivables	18	103,142	118,650
Financial assets at fair value through profit or loss	20	132,096	123,756
Other financial assets at amortised cost	21	55,449	65,474
Cash and cash equivalents	22	869,141	945,953
Restricted cash		351	–
Term deposits with initial term of over three months	23	166,055	87,748
<b>Total current assets</b>		<b>1,431,491</b>	1,452,058
<b>Total assets</b>		<b>1,848,894</b>	1,876,914

# Consolidated Balance Sheet

(Expressed in Renminbi Yuan unless otherwise indicated)

	Notes	As at December 31,	
		2025	2024
		RMB'000	RMB'000
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	24	149	148
Share premium	24	15,139,298	15,064,115
Other reserves	26	(9,911,403)	(9,752,966)
Accumulated losses		(3,919,359)	(4,107,858)
<b>Total equity</b>		<b>1,308,685</b>	1,203,439
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	15	34,027	40,859
Deferred income tax liabilities	29	8,985	9,912
Deferred income		-	778
<b>Total non-current liabilities</b>		<b>43,012</b>	51,549
<b>Current liabilities</b>			
Trade and other payables	27	182,215	232,682
Contract liabilities	5	131,071	140,363
Refund liabilities	28	137,605	173,515
Current income tax liabilities		15,225	25,657
Lease liabilities	15	31,081	49,709
<b>Total current liabilities</b>		<b>497,197</b>	621,926
<b>Total liabilities</b>		<b>540,209</b>	673,475
<b>Total equity and liabilities</b>		<b>1,848,894</b>	1,876,914

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

The consolidated financial statements on pages 124 to 212 were approved by the Board of Directors on March 31, 2026 and were signed on its behalf:

ZHANG Xiaolong

WEI Liang

# Consolidated Statement of Changes in Equity

(Expressed in Renminbi Yuan unless otherwise indicated)

	Notes	Attributable to equity holders of the Company				Total RMB'000
		Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	
<b>Balance at January 1, 2025</b>		<b>148</b>	<b>15,064,115</b>	<b>(9,752,966)</b>	<b>(4,107,858)</b>	<b>1,203,439</b>
Profit for the year		-	-	-	198,126	198,126
Other comprehensive loss		-	-	(23,611)	-	(23,611)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>(23,611)</b>	<b>198,126</b>	<b>174,515</b>
<b>Transactions with owners in their capacity as owners:</b>						
Profit appropriation to statutory surplus reserves		-	-	9,627	(9,627)	-
Share-based compensation	9, 25	-	-	83,026	-	83,026
Employee share schemes — exercise of share incentive schemes	24	1	75,183	(75,184)	-	-
Repurchase of treasury shares	26	-	-	(152,295)	-	(152,295)
<b>Total transactions with owners in their capacity as owners</b>		<b>1</b>	<b>75,183</b>	<b>(134,826)</b>	<b>(9,627)</b>	<b>(69,269)</b>
<b>Balance at December 31, 2025</b>		<b>149</b>	<b>15,139,298</b>	<b>(9,911,403)</b>	<b>(3,919,359)</b>	<b>1,308,685</b>

# 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 January 1, 2024</b>	150	15,104,233	(9,511,560)	(4,325,079)	1,267,744
Profit for the year	-	-	-	239,570	239,570
Other comprehensive income	-	-	17,124	-	17,124
<b>Total comprehensive income for the year</b>	-	-	17,124	239,570	256,694
<b>Transactions with owners in their capacity as owners:</b>					
Profit appropriation to statutory surplus reserves	-	-	22,349	(22,349)	-
Share-based compensation	9, 25	-	122,962	-	122,962
Employee share schemes — exercise of share incentive schemes	24	3	188,838	(188,841)	-
Repurchase of treasury shares	26	-	-	(443,961)	(443,961)
Cancellation of treasury shares	24	(5)	(228,956)	228,961	-
<b>Total transactions with owners in their capacity as owners</b>	(2)	(40,118)	(258,530)	(22,349)	(320,999)
<b>Balance at December 31, 2024</b>	148	15,064,115	(9,752,966)	(4,107,858)	1,203,439

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

# Consolidated Statement of Cash Flows

(Expressed in Renminbi Yuan unless otherwise indicated)

	Notes	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	31	227,203	257,140
Interest paid		(3,530)	(4,865)
Interest received		35,076	49,386
Income tax paid		(32,427)	(10,703)
<b>Net cash generated from operating activities</b>		<b>226,322</b>	<b>290,958</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(9,124)	(18,311)
Purchase of intangible assets	14	(841)	(2,906)
Purchase of financial assets at fair value through profit or loss	3	(1,796,345)	(1,077,385)
Redemption of financial assets at fair value through profit or loss		1,800,882	1,153,659
Purchase of other financial assets at amortised cost		–	(181,862)
Redemption of other financial assets at amortised cost		11,836	197,983
Proceeds from sale of property, plant and equipment		648	1,637
Net cash out for the settlement of derivatives		(1,054)	(3,967)
Purchase of term deposits with initial term of over three months		(268,916)	(623,089)
Redemption of term deposits with initial term of over three months		189,516	1,010,244
Proceeds from early termination of a lease agreement		–	5,000
Repayment of loan to a third party	18(a)	5,000	6,000
Net proceeds from disposal of a subsidiary	18(a)	–	2,443
Payment for investments accounted for using the equity method		(6,100)	–
<b>Net cash (used in)/generated from investing activities</b>		<b>(74,498)</b>	<b>469,446</b>
<b>Cash flows from financing activities</b>			
Repurchase of treasury shares	26	(152,295)	(443,961)
Principal elements of lease payments	31(b)	(60,774)	(54,699)
<b>Net cash used in financing activities</b>		<b>(213,069)</b>	<b>(498,660)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		945,953	671,530
Exchange differences		(15,567)	12,679
<b>Cash and cash equivalents at the end of the year</b>	22	<b>869,141</b>	<b>945,953</b>

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

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 1 GENERAL INFORMATION

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

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

The ultimate controlling party are Mr. ZHANG Xiaolong, Mr. WEI Liang, Mr. LI Yong and Mr. LI Xin as they entered into a concert party agreement to acknowledge and confirm their acting-in-concert relationship in relation to the Company. On May 16, 2025, Mr. LI Xin withdrew from the concert party agreement. Mr. ZHANG Xiaolong, Mr. WEI Liang, Mr. LI Yong and Mr. LI Xin entered into a supplemental agreement to the concert party agreement, pursuant to the supplemental agreement, the concert party agreement continues to be valid for Mr. ZHANG Xiaolong, Mr. WEI Liang and Mr. LI Yong.

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

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

## 2 BASIS OF PREPARATION

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

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

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

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 2 BASIS OF PREPARATION *(Continued)*

### **New and amended standards adopted by the Group**

The Group has applied the following amendments for the first time for its annual reporting period commencing January 1, 2025:

- Lack of Exchangeability — Amendments to IAS 21

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

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

Certain new accounting standards, amendments and annual improvements have been published and are not mandatory for December 31, 2025 reporting periods and have not been early adopted by the Group.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after January 1, 2026)
- Annual Improvements to IFRS Accounting Standards – Volume 11 (effective for annual periods beginning on or after January 1, 2026)
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after January 1, 2026)
- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after January 1, 2027)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after January 1, 2027)

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

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

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 2 BASIS OF PREPARATION *(Continued)*

### **New standards, amendments and annual improvements and interpretations not yet adopted** *(Continued)*

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

- Although the adoption of IFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:
  - Foreign exchange differences currently aggregated in the line item "other gains/(losses), net and finance income, net" in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
- The line items presented on the primary financial statements might change as a result of the application of the concept of "useful structured summary" and the enhanced principles on aggregation and disaggregation.
- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.
- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation and disaggregation principles.

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

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 3 FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

Risk	Exposure arising from	Measurement
Market risk — foreign exchange	Recognised financial assets and liabilities not denominated in RMB	Sensitivity analysis
Market risk — interest rate	Interest income/costs from cash and cash equivalents, restricted cash, term deposits with initial term of over three months and borrowing as a result of changes in interest rates	Sensitivity analysis
Credit risk	Cash and cash equivalents, restricted cash, term deposits with initial term of over three months, financial assets at fair value through profit or loss, other financial assets at amortised cost, contract assets, trade receivables and other receivables	Credit ratings
Liquidity risk	Trade and other payables and lease liabilities	Maturity analysis
Price risk	Financial assets at fair value through profit or loss	Sensitivity analysis

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### (a) Market risk

##### (i) Foreign exchange risk

The Group mainly operates in the PRC with most of the transaction settled in RMB. The functional currencies of the subsidiaries in mainland of the PRC is RMB, while the functional currency of the Company and subsidiaries outside mainland of the PRC is USD. Foreign exchange risk arises from the fluctuation in exchange where the Group's monetary assets are denominated in currency other than functional currency.

The Group has continued to closely track and manage its exposure to fluctuation in foreign exchange rates confronted by the majority of the Group's deposits in foreign currencies during the year. The Group also entered into foreign currency forward contracts and foreign currency option contracts (the "**Foreign Currency Contracts**") to hedge certain risk exposures. These Foreign Currency Contracts are related to manage its exposure to fluctuation in foreign exchange rates. No hedge accounting is applied on the Foreign Currency Contracts. These contracts are accounted for as held for trading with gains/(losses) recognised in profit or loss.

As at December 31, 2025, the carrying amounts of the Group's monetary assets that are denominated in currency other than functional currency of the respective group entities were RMB105,067,000 (2024: RMB54,604,000).

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 3 FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### (a) Market risk (Continued)

##### (i) Foreign exchange risk (Continued)

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
<b>Cash and cash equivalents</b>		
RMB (functional currency — USD)	50	484
HKD (functional currency — USD)	104,982	54,039
USD (functional currency — RMB)	9	9
SGD (functional currency — USD)	1	72
CAD (functional currency — USD)	25	—
	<b>105,067</b>	<b>54,604</b>

#### Sensitivity

As shown in the table above, the Group is primarily exposed to changes in USD/RMB, USD/HKD, RMB/USD, USD/SGD and USD/CAD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD denominated financial instruments.

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
<b>Impact on post tax profit</b>		
USD/RMB exchange rate — weaken 5%	(2)	(18)
USD/RMB exchange rate — strengthen 5%	2	18
USD/HKD exchange rate — weaken 5%	(3,937)	(2,026)
USD/HKD exchange rate — strengthen 5%	3,937	2,026
RMB/USD exchange rate — weaken 5%	—	—
RMB/USD exchange rate — strengthen 5%	—	—
USD/SGD exchange rate — weaken 5%	—	(3)
USD/SGD exchange rate — strengthen 5%	—	3
USD/CAD exchange rate — weaken 5%	(1)	—
USD/CAD exchange rate — strengthen 5%	1	—

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 3 FINANCIAL RISK MANAGEMENT *(Continued)*

### 3.1 Financial risk factors *(Continued)*

#### **(a) Market risk** *(Continued)*

##### *(ii) Interest rate risk*

As the Group has no significant interest bearing assets other than cash and cash equivalents, restricted cash, term deposits with initial term of over three months and loan to third parties (Note 18), the Group's income and operating cash flows are substantially independent from changes in market interest rate.

As at December 31, 2025, the Group had no borrowings and other interest bearing debts (2024: nil), so there is no potential risk caused by interest rate fluctuation.

As at December 31, 2025, if the interest rates of cash and cash equivalents, restricted cash, term deposits with initial term of over three months and loan to third parties had been increased/decreased by 50 basis points with all other variables held constant, the change of the post-tax profit would have been RMB4,748,000 (2024: RMB4,755,000) higher/lower.

##### *(iii) Price risk*

The Group is exposed to price risk in respect of financial assets held by the Group which are carried at fair value with changes in the fair value recognised in profit or loss.

To manage its price risk arising from investments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group. Each investment is managed by senior management on a case by case basis.

#### **(b) Credit risk**

Credit risk arises from cash and cash equivalents, restricted cash, term deposits with initial term of over three months, contract assets, trade receivables, other receivables, financial assets at fair value through profit or loss ("FVPL") and other financial assets at amortised cost.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 3 FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (i) Risk management

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations.

Credit risk is managed on a group basis. The credit risk of the Group's financial assets, which mainly comprise cash and cash equivalents, restricted cash, term deposits with initial term of over three months, trade receivables, other receivables, financial assets at fair value through profit or loss and other financial assets at amortised cost, arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

All of the Group's trade receivables and other receivables have no collateral.

The Group assessed the credit quality of the counterparties by taking into account their financial position, credit history, forward looking information and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any.

##### (ii) Impairment of financial assets

The Group has seven types of financial assets that are subject to the expected credit loss model:

- cash and cash equivalents
- restricted cash
- term deposits with initial term of over three months
- contract assets
- trade receivables
- other receivables, and
- other financial assets at amortised cost

#### *Cash and cash equivalents, restricted cash and term deposits with initial term of over three months*

As at December 31, 2025 and 2024, the Group's cash and cash equivalents, restricted cash and term deposits with initial term of over three months were held in state-owned financial institutions, reputable joint-stock commercial banks or financial institutions. Management does not expect any losses from non-performance by these counterparties.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 3 FINANCIAL RISK MANAGEMENT *(Continued)*

### 3.1 Financial risk factors *(Continued)*

#### **(b) Credit risk** *(Continued)*

##### *(ii) Impairment of financial assets (Continued)*

###### *Trade receivables and contract assets*

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Trade receivables mainly represents the trade receivables from customers for providing vocational education and training services and selling books. The loss allowance for trade receivables was not material during the years ended December 31, 2025 and 2024.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the historical credit losses and adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified economic policies, macroeconomic conditions, industry risks, probabilities of default and expected operating performance of the debtors and accordingly adjusts the historical loss rates based on expected changes in these factors.

The expected credit loss rate for the provision matrix is for trade receivables which are mainly related to our vocational education and training services and selling books. As there is no significant change in the business operation of these services, actual loss rates for trade receivables, customer profile and the adjustments for forward-looking macroeconomic data during the years, the change in the expected credit loss rates for the provision matrix is insignificant throughout the years.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 3 FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### Trade receivables and contract assets (Continued)

The loss allowances for trade receivables and contract assets as at December 31, 2025 and 2024 were as follows:

<b>At December 31, 2025</b>	<b>Up to 3 months RMB'000</b>	<b>3 to 6 months RMB'000</b>	<b>6 to 12 months RMB'000</b>	<b>More than 1 year RMB'000</b>	<b>Total RMB'000</b>
Expected loss rate	<b>0.05% to 1.92%</b>	<b>2.03%</b>	<b>2.42%</b>	<b>3.65%</b>	–
Gross carrying amount — trade receivables	<b>21,516</b>	<b>2,034</b>	<b>65</b>	<b>3,515</b>	<b>27,130</b>
Gross carrying amount — contract assets	<b>10,787</b>	–	–	–	<b>10,787</b>
Loss allowance	<b>227</b>	<b>41</b>	<b>2</b>	<b>128</b>	<b>398</b>
<hr/>					
<b>At December 31, 2024</b>	<b>Up to 3 months RMB'000</b>	<b>3 to 6 months RMB'000</b>	<b>6 to 12 months RMB'000</b>	<b>More than 1 year RMB'000</b>	<b>Total RMB'000</b>
Expected loss rate	0.07% to 2.53%	2.72%	2.90%	4.31%	–
Gross carrying amount — trade receivables	15,700	1,598	217	3,389	20,904
Gross carrying amount — contract assets	12,923	–	–	–	12,923
Loss allowance	196	44	6	146	392

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 3 FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### Trade receivables and contract assets (Continued)

The loss allowances for trade receivables and contract assets as at December 31, 2025 and 2024 reconcile to the opening loss allowances were as follows:

	<b>Trade receivables, Contract assets RMB'000</b>
<b>Opening loss allowance as at January 1, 2025</b>	<b>392</b>
Increase in the allowance recognised in profit or loss during the year	<b>6</b>
	<hr/>
<b>Closing loss allowance as at December 31, 2025 (Notes 5 and 17)</b>	<b>398</b>
	<hr/>
	Trade receivables, Contract assets RMB'000
<b>Opening loss allowance as at January 1, 2024</b>	746
Decrease in the allowance recognised in profit or loss during the year	(354)
	<hr/>
<b>Closing loss allowance as at December 31, 2024 (Notes 5 and 17)</b>	<b>392</b>
	<hr/>

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 3 FINANCIAL RISK MANAGEMENT *(Continued)*

### 3.1 Financial risk factors *(Continued)*

#### **(b) Credit risk** *(Continued)*

##### *(ii) Impairment of financial assets (Continued)*

###### *Other receivables and other financial assets at amortised cost*

The Group applies the IFRS 9 general approach to measuring expected credit losses for all other receivables and other financial assets at amortised cost. The directors of the Company consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the years. Other receivables and other financial assets at amortised cost at the end of reporting period were mainly loan to third parties, other financial assets at amortised cost and deposits from third parties. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.
- actual or expected significant changes in the operating results of the counterparty.
- significant changes in the expected performance and behaviour of the counterparty, including changes in the payment status of the counterparty.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where other receivables and other financial assets at amortised cost have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. Over the term of the financial assets, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 3 FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### *Other receivables and other financial assets at amortised cost (Continued)*

The Group uses the expected credit loss model to determine the expected loss provision for other receivables and other financial assets at amortised cost. A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Stage 1	Counterparties have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Stage 2	Interest and/or principal repayments with objective internal and external information indicating a significant increase in credit risk since initial recognition, but have not yet experienced credit impairment	Lifetime expected losses
Stage 3	Interest and/or principal repayments become probable a counterparty will enter bankruptcy	Lifetime expected losses

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 3 FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

Other receivables and other financial assets at amortised cost (Continued)

	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Other receivables</b>				
<b>At December 31, 2025</b>				
Gross carrying amount	23,055	31,183	–	54,238
Loss allowance provision	(295)	(1,926)	–	(2,221)
<hr/>				
<b>At December 31, 2024</b>				
Gross carrying amount	66,868	793	–	67,661
Loss allowance provision	(1,008)	(38)	–	(1,046)
<hr/>				
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Other financial assets at amortised cost</b>				
<b>At December 31, 2025</b>				
Gross carrying amount	56,447	–	–	56,447
Loss allowance provision	(998)	–	–	(998)
<hr/>				
<b>At December 31, 2024</b>				
Gross carrying amount	66,610	–	–	66,610
Loss allowance provision	(1,136)	–	–	(1,136)
<hr/>				

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 3 FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

*Other receivables and other financial assets at amortised cost (Continued)*

The loss allowance for other receivables and other financial assets at amortised cost as at December 31, 2025 and 2024 reconciles to the opening loss allowance were as follows:

	Other receivables RMB'000	Other financial assets at amortised cost RMB'000
<b>Opening loss allowance as at January 1, 2025</b>	<b>1,046</b>	<b>1,136</b>
Increase/(decrease) in the allowance recognised in profit or loss during the year	<b>1,175</b>	<b>(114)</b>
Exchange difference	-	<b>(24)</b>
	<hr/>	<hr/>
<b>Closing loss allowance as at December 31, 2025</b>	<b>2,221</b>	<b>998</b>
	<hr/>	<hr/>
	Other receivables RMB'000	Other financial assets at amortised cost RMB'000
<b>Opening loss allowance as at January 1, 2024</b>	2,396	1,254
Increase/(decrease) in the allowance recognised in profit or loss during the year	657	(129)
Receivables written off during the year as uncollectible	(2,007)	-
Exchange difference	-	11
	<hr/>	<hr/>
<b>Closing loss allowance as at December 31, 2024</b>	<b>1,046</b>	<b>1,136</b>
	<hr/>	<hr/>

##### (iii) Financial assets at fair value through profit or loss

The entity is also exposed to credit risk in relation to investment in wealth management products and structured deposits that are measured at financial assets at fair value through profit or loss. The maximum exposure at the reporting period is the carrying amount of these investments which is RMB132,096,000 (2024: RMB123,756,000).

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 3 FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### (c) Liquidity risk

To manage the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operation and mitigate the effects of fluctuations cash flows. The Company expects to fund its future cash flow needs through internally generated cash flows from operations.

As at December 31, 2025, the Group has cash and cash equivalents, restricted cash, term deposits with initial term of over three months, other receivables, trade receivables, financial assets at fair value through profit or loss and other financial assets at amortised cost of RMB1,502,055,000 (2024: RMB1,510,298,000) (Note 16), that can be used for fulfillment obligation or used in operation to generate cash inflows.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows.

Contractual maturities of financial liabilities	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>At December 31, 2025</b>					
Trade and other payable (excluding accrued salaries and bonus, and other tax payable)	36,467	-	-	-	36,467
Lease liabilities	33,310	11,443	16,794	9,489	71,036
Refund liabilities	137,605	-	-	-	137,605
	<b>207,382</b>	<b>11,443</b>	<b>16,794</b>	<b>9,489</b>	<b>245,108</b>
<b>At December 31, 2024</b>					
Trade and other payable (excluding accrued salaries and bonus, and other tax payable)	46,648	-	-	-	46,648
Lease liabilities	52,740	23,698	5,273	15,059	96,770
Refund liabilities	173,515	-	-	-	173,515
	<b>272,903</b>	<b>23,698</b>	<b>5,273</b>	<b>15,059</b>	<b>316,933</b>

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 3 FINANCIAL RISK MANAGEMENT *(Continued)*

### 3.2 Capital management

The Group's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company's strategy remains constant throughout the years.

The directors review the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through raising new debts and redeeming debts if needed.

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated as total liabilities divided by total assets. The liability-to-asset ratio of the Group as at December 31, 2025 was 29% (2024: 36%).

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Total liabilities	540,209	673,475
Total assets	1,848,894	1,876,914
<b>The liability-to-asset ratio</b>	<b>29%</b>	<b>36%</b>

### 3.3 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.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 3 FINANCIAL RISK MANAGEMENT (Continued)

### 3.3 Fair value estimation (Continued)

#### (a) Fair value hierarchy (Continued)

Recurring fair value measurements	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>At December 31, 2025</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss	-	-	132,096	132,096
<b>At December 31, 2024</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss	-	-	123,756	123,756

There were no transfers between level 1, level 2 and level 3 for recurring fair value measurements during the year.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 3 FINANCIAL RISK MANAGEMENT *(Continued)*

### 3.3 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 years ended December 31, 2025 and 2024, respectively:

	Wealth management products RMB'000	Structured deposits RMB'000	Total RMB'000
<b>Opening balance as at January 1, 2025</b>	<b>123,756</b>	–	<b>123,756</b>
Additions	1,691,345	105,000	1,796,345
Settlements	(1,688,454)	(105,073)	(1,793,527)
Fair value gains on financial assets at fair value through profit or loss <i>(Note 7)</i>	9,417	73	9,490
Exchange difference	(3,968)	–	(3,968)
<b>Closing balance as at December 31, 2025</b>	<b>132,096</b>	–	<b>132,096</b>
	Wealth management products RMB'000	Structured deposits RMB'000	Total RMB'000
<b>Opening balance as at January 1, 2024</b>	<b>195,246</b>	–	<b>195,246</b>
Additions	667,385	410,000	1,077,385
Settlements	(750,445)	(410,569)	(1,161,014)
Fair value gains on financial assets at fair value through profit or loss <i>(Note 7)</i>	9,948	569	10,517
Exchange difference	1,622	–	1,622
<b>Closing balance as at December 31, 2024</b>	<b>123,756</b>	–	<b>123,756</b>

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 3 FINANCIAL RISK MANAGEMENT (Continued)

### 3.3 Fair value estimation (Continued)

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

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

Description	Fair value at December 31, Unobservable Inputs	
	2025 RMB'000	2024 RMB'000
Wealth management products	132,096	123,756

The estimated weighted average return rates of these products were 1.8% to 5.7% per annum.

The financial assets measured at fair value through profit and loss were investment in wealth management products and structured deposits that usually held from several days up to 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 year ended December 31, 2025, would have been approximately RMB279,000 (2024: RMB127,000) higher/lower.

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

For the financial assets, 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 annually, in line with the Company's annual reporting dates.

The fair values have been determined by using various applicable valuation techniques, including binominal model and market approach etc.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### (a) Contractual arrangements

The Group conducts a substantial portion of the business through the operating entities in the PRC due to regulatory restrictions on the foreign ownership in the Group's operating entities in the PRC. The Group does not have any equity interest in the operating entities. The Directors assessed whether or not the Group has control over the operating entities, has rights to variable returns from its involvement with the operating entities and has the ability to affect those returns through its power over the operating entities. After assessment, the Directors concluded that the Group has control over the operating entities as a result of the contractual agreements and accordingly the financial position and their operating results of the operating entities are included in the Group's consolidated financial statements throughout the years.

Nevertheless, the contractual agreements may not be as effective as direct legal ownership in providing the Group with direct control over the operating entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the operating entities. Significant judgement is involved in determining whether the Group is able to control these entities through these contractual arrangements. The Directors, based on the advice of its legal counsel, consider that the contractual agreements among the operating entities and their equity shareholders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

### (b) Estimation of the refund related variable considerations of tutoring courses service of the Group

The Group recognised the refund related variable considerations in revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur or when the uncertainty associated with the variable consideration is subsequently resolved.

Based on different refund policies, the tutoring courses service that the Group provide to customers can be classified as non-contractual classes and contractual classes. The Group recognised a refund liability if the Group expects to refund some or all of the consideration received from customers.

In terms of non-contractual classes, under the Group's standard contract terms, customers are usually entitled to refund for the considerations received in relation with undelivered tutoring courses programs and services. The Group estimates the refund related variable considerations and refund rates by considering the historical experience. Revenue is recognised for the amount of consideration to which the Group expects to be entitled. A contract liability is recognised for sales in which no revenue has yet been recognised.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

### (b) Estimation of the refund related variable considerations of tutoring courses service of the Group *(Continued)*

In terms of contractual classes, depending on the contract terms specified in the contracts, customers are eligible to obtain a partial or full refund if the customers complete the tutoring courses and fail the exam and meet certain agreed refund conditions specified in the contracts. To calculate the refund related variable considerations, the Group estimates the refund rates based on historical records of the refund claimed by the customers. The estimated refund rates constitute a reduction of the transaction price when recognising revenues ratably as tutoring courses programs and services are provided over the relevant period in which the services are rendered. The Group reviews and updates the refund rates on a periodic basis. When there are no sufficient historical records for the Group's estimation on behaviour-based refunds rate, revenue will not be recognised until uncertainty associated with the variable considerations is resolved, when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The estimation of the refund related variable considerations and refund rates in the tutoring courses service may involve significant judgements related to customer behaviours and performance. New information may become available that causes the Group to change its judgement and estimations regarding the refund related variable considerations and refund rates used in revenue recognition and the adequacy of the refund liabilities. Such changes will impact revenue recognised in the period that such determination is made.

## 5 SEGMENT INFORMATION

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

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

The Group's CODM has been identified as executive directors who considers the business from the service perspective.

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

As at December 31, 2025, the CODM have identified the following reportable segments:

- Tutoring services: the tutoring services are offered by the Group through classroom-based platforms which teaching to the students who physically attend the lectures in tutoring centers and tutoring bases/campuses, or through online platforms which mainly represent online tutoring courses services, membership package, challenge exercise etc.
- Sales of books and others: including books provided with tutoring services and printing business relevant with book selling business, and sales of health goods.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 5 SEGMENT INFORMATION (Continued)

As at December 31, 2025, the CODM assess the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The selling and marketing expenses, administrative expenses and research and development expenses are common costs incurred for these operating segments as a whole and therefore, they are not included in the measure of the segments' performance which is used by the CODM as a basis for the purpose of resource allocation and assessment of segment performance. Net impairment losses on financial assets, other gains, net, finance income, net, income tax expense and assets and liabilities are also not allocated to individual operating segment.

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

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

The segment information provided to the CODM for the reportable segments for the years ended December 31, 2025 and 2024 were as follows:

	Year ended December 31, 2025		
	Tutoring services RMB'000	Sales of books and others RMB'000	Total RMB'000
Segment revenue	2,289,263	517,489	2,806,752
Inter-segment revenue	–	(130,124)	(130,124)
Revenue from external customers	2,289,263	387,365	2,676,628
Cost of revenue (a)	(983,558)	(259,941)	(1,243,499)
Gross profit	1,305,705	127,424	1,433,129
	Year ended December 31, 2024		
	Tutoring services RMB'000	Sales of books and others RMB'000	Total RMB'000
Segment revenue	2,340,790	600,779	2,941,569
Inter-segment revenue	–	(151,788)	(151,788)
Revenue from external customers	2,340,790	448,991	2,789,781
Cost of revenue (a)	(1,029,280)	(296,523)	(1,325,803)
Gross profit	1,311,510	152,468	1,463,978

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

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 5 SEGMENT INFORMATION *(Continued)*

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

The reconciliation of gross profit to profit before income tax of individual year during the year ended December 31, 2025 was shown in the consolidated statement of profit or loss.

For the year ended December 31, 2025, the Group's customer base was diversified and none of customer with whom transactions have exceeded 10% of the Group's revenues.

As of December 31, 2025, substantially all of the non-current assets other than financial instruments and deferred tax assets of the Group were located in the PRC.

### Contract liabilities and contract assets

The Group has recognised the following contract assets and contract liabilities (which represented the unsatisfied performance obligation) as at December 31, 2025.

	<b>As at December 31,</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Contract assets relating to certain program	<b>10,787</b>	12,923
Loss allowance	<b>(115)</b>	(117)
	<hr/>	<hr/>
Contract assets	<b>10,672</b>	12,806
	<hr/>	<hr/>
Contract liabilities	<b>131,071</b>	140,363
	<hr/>	<hr/>

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

	<b>As at December 31,</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Contract liabilities	<b>129,924</b>	127,388
	<hr/>	<hr/>

### *(ii) Unsatisfied contracts*

The majority of contract liabilities as at December 31, 2025 were expected to be recognised within one year. As the contract terms with customers usually within 12 months, the Group applied the practical expedient as permitted under IFRS 15 not to disclose the transaction price allocated to unsatisfied performance obligations as at December 31, 2025.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 5 SEGMENT INFORMATION *(Continued)*

### Accounting policies of revenue recognition

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

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

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

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

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

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

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

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

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 5 SEGMENT INFORMATION *(Continued)*

### Accounting policies of revenue recognition *(Continued)*

#### **(a) Providing services**

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

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

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

#### **(b) Sales of books and others**

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

## 6 OTHER INCOME

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Government grants	2,154	4,038
VAT reduction	1,922	2,816
Interest income on other financial assets at amortised cost	2,880	3,741
Others	10,000	11,557
	<b>16,956</b>	<b>22,152</b>

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 7 OTHER GAINS, NET

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Fair value gains on financial assets at fair value through profit or loss	9,490	10,517
Net gains/(losses) on early termination of leases and the disposal of related leasehold improvements	1,324	(110)
Net fair value losses on derivatives (a)	(1,054)	(3,802)
Net losses on disposal of property, plant and equipment	(507)	(86)
Donation	(1,014)	(1,926)
Net foreign exchange losses	(520)	(2,400)
Others	3,802	2,465
	<b>11,521</b>	<b>4,658</b>

(a) For the years ended December 31, 2025 and 2024, the Group entered into certain Foreign Currency Contracts. For the year ended December 31, 2025, a loss recognised mainly due to the settlement of the foreign exchange forward contract.

## 8 EXPENSES BY NATURE

	Notes	Year ended December 31,	
		2025	2024
		RMB'000	RMB'000
Employee benefit expenses	9	1,373,157	1,368,102
Cost of course materials	19	207,425	251,889
Human resource outsourcing and other labour costs		203,249	223,180
Promotion expenses		114,294	115,813
Depreciation of right-of-use assets	15	53,695	51,977
Logistic expenses		53,168	65,041
Lease expenses	15	247,112	247,590
Classroom consumables		32,881	30,019
Meal expenses provided to students		13,161	12,996
Travel expenses		36,625	35,982
Office expenses		6,869	6,371
Depreciation of property, plant and equipment	13	17,179	23,752
Amortisation for intangible assets	14	653	279
Services fee for cloud storage		36,618	21,750
Property management costs		12,739	12,690
Tax and surcharge		10,846	13,953
Auditor's remuneration			
— Audit and audit related services		3,920	4,450
— Non-audit services		2,100	1,021
Charges for licensed payment institutions		13,804	15,057
Others		75,741	87,294
		<b>2,515,236</b>	<b>2,589,206</b>

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 9 EMPLOYEE BENEFIT EXPENSE

	Notes	Year ended December 31,	
		2025	2024
		RMB'000	RMB'000
Wages, salaries and bonuses		<b>1,037,534</b>	995,164
Pension costs — defined contribution plans (a)		<b>74,555</b>	72,740
Other social security costs		<b>130,534</b>	126,589
Share-based payments	25	<b>83,026</b>	122,962
Other employee welfares		<b>47,508</b>	50,647
		<hr/>	<hr/>
Total employee benefit expenses		<b>1,373,157</b>	1,368,102

Employee benefit expenses changed in the consolidated statement of profit or loss were as follow:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Cost of revenue	<b>522,103</b>	545,790
Administrative expenses	<b>207,744</b>	222,489
Selling and marketing expenses	<b>447,477</b>	421,347
Research and development expenses	<b>195,833</b>	178,476
	<hr/>	<hr/>
	<b>1,373,157</b>	1,368,102

(a) During the year ended December 31, 2025, there were no forfeited contributions under the Group's defined contribution plans (2024: nil).

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 9 EMPLOYEE BENEFIT EXPENSE (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 1 director (2024: 1) whose emoluments are reflected in the analysis shown in Note 35. Details of the remunerations of the highest paid non-director individuals during the year were set out as below:

	<b>Year ended December 31,</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Wages and salaries	<b>7,814</b>	10,887
Bonuses	<b>448</b>	403
Pension costs — defined contribution plans	<b>270</b>	263
Other social security costs	<b>288</b>	280
Share-based payments	<b>27,600</b>	36,204
	<b>36,420</b>	48,037

The emoluments fell within the following bands:

	<b>Year ended December 31,</b>	
	<b>2025</b>	2024
<b>Emolument bands (in HK dollar)</b>		
HK8,000,001 to HK8,500,000	<b>1</b>	—
HK8,500,001 to HK9,000,000	<b>1</b>	—
HK10,500,001 to HK11,000,000	<b>1</b>	1
HK11,000,001 to HK11,500,000	<b>—</b>	1
HK12,500,001 to HK13,000,000	<b>1</b>	1
HK17,000,001 to HK17,500,000	<b>—</b>	1
	<b>4</b>	4

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 10 FINANCE INCOME, NET

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
<b>Finance income:</b>		
Interest income	37,257	39,499
Net foreign exchange gains	–	194
	<b>37,257</b>	<b>39,693</b>
<b>Finance costs:</b>		
Finance cost on lease liabilities	(3,530)	(4,865)
Net foreign exchange losses	(405)	–
	<b>(3,935)</b>	<b>(4,865)</b>
Finance income, net	<b>33,322</b>	<b>34,828</b>

## 11 INCOME TAX EXPENSE

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

### 11.1 Accounting policies of income tax expense

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

#### **Current income tax**

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

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 11 INCOME TAX EXPENSE *(Continued)*

### 11.1 Accounting policies of income tax expense *(Continued)*

#### ***Deferred income tax***

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

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

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

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

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

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 11 INCOME TAX EXPENSE (Continued)

### 11.2 Financial information of income tax expense

#### (a) Income tax expense

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Current income tax	18,416	11,656
Deferred income tax	5,289	10,813
Income tax expense	23,705	22,469

(i) *Cayman Islands corporate income tax*

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Act and, accordingly, is exempted from local income tax.

(ii) *Hong Kong profits tax*

No provision for Hong Kong profit tax was provided as the Group did not have any estimated assessable profits in Hong Kong during the years ended December 31, 2025 and 2024.

(iii) *PRC corporate income tax ("CIT")*

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% during the reporting period.

Certain subsidiaries of the Group in the PRC are approved as High and New Technology Enterprise, and accordingly, are subject to a reduced preferential CIT rate of 15% during the reporting period according to the applicable CIT Law. Certain of the Group's PRC subsidiaries are qualified as small and micro enterprises and are entitled to a preferential corporate income tax rate of 20% during the reporting period.

(iv) *PRC Withholding Tax ("WHT")*

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

Deferred income tax have been recognised at December 31, 2025 for the withholding tax that would be payable on the earnings of its subsidiaries in mainland China that are expected to be distributed in the foreseeable future. The remaining undistributed earnings of its subsidiaries in mainland China, for which withholding tax is not provided for, amounted to RMB11,241,000 as at December 31, 2025.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 11 INCOME TAX EXPENSE (Continued)

### 11.2 Financial information of income tax expense (Continued)

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

	Notes	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
Profit before income tax		<b>221,831</b>	262,039
Tax expense calculated at applicable statutory tax rates	(i)	<b>55,400</b>	71,072
Preferential tax rates on income of certain subsidiaries		<b>(27,090)</b>	(16,606)
Expenses not deductible for taxation purposes		<b>5,785</b>	7,410
Temporary difference for which no deferred income tax was recognised		<b>4,107</b>	1,491
Tax losses for which no deferred tax asset was recognised		<b>6,486</b>	15,700
Previously unrecognised tax losses recouped to reduce current tax expense		<b>(5,218)</b>	(51,684)
Previously unrecognised tax losses that can be recognised in the year		<b>(12,150)</b>	–
Additional deduction of research and development expense	(ii)	<b>(10,209)</b>	(12,414)
Withholding tax on unremitted earnings of PRC subsidiaries		<b>6,594</b>	7,500
		<b>23,705</b>	22,469

- (i) Taxation has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.
- (ii) Certain subsidiaries of the Group in the PRC are entitled to additional deductions of research and development expense before income tax expense according to the applicable CIT Law. The Group accounts for these allowances as tax credits, which means that the allowance reduces current income tax liabilities and income tax expense.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 12 EARNINGS PER SHARE

### 12.1 Accounting policies of earnings per share

#### (a) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

#### (b) Diluted earnings per share

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

### 12.2 Financial information of earnings per share

#### (a) Basic earnings per share

	Year ended December 31,	
	2025	2024
Profit attributable to owners of the Company (RMB'000)	198,126	239,570
Weighted average number of ordinary shares in issue (thousands)	<b>2,133,182</b>	2,142,669
Basic earnings per share (RMB)	<b>0.09</b>	0.11

#### (b) Diluted earnings per share

	Year ended December 31,	
	2025	2024
Profit attributable to owners of the Company (RMB'000)	198,126	239,570
Weighted average number of ordinary shares in issue (thousands)	<b>2,133,182</b>	2,142,669
Adjustments for:		
— Share options (thousands)	<b>26,397</b>	42,755
— RSUs (thousands)	<b>20,483</b>	9,978
Adjusted weighted average number of ordinary shares for diluted earnings per share (thousands)	<b>2,180,062</b>	2,195,402
Diluted earnings per share (RMB)	<b>0.09</b>	0.11

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 13 PROPERTY, PLANT AND EQUIPMENT

### 13.1 Accounting policies of property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

- |                                     |                                                     |
|-------------------------------------|-----------------------------------------------------|
| • Electronic equipment              | 2-5 years                                           |
| • Machinery                         | 3-10 years                                          |
| • Motor vehicles                    | 4 years                                             |
| • Furniture, fittings and equipment | 2-5 years                                           |
| • Leasehold improvements            | 3-10 years or over lease term, which one is shorter |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Construction-in-progress ("**CIP**") represents buildings, plant and machinery under construction or pending installation and is stated at cost less accumulated impairment losses (if any). Cost includes the costs of construction and acquisition and capitalised borrowing costs. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to the respective categories of property, plant and equipment and depreciated in accordance with the policy as stated above.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 13 PROPERTY, PLANT AND EQUIPMENT (Continued)

### 13.2 Financial information of 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	Construction in progress RMB'000	Total RMB'000
<b>Year ended December 31, 2025</b>							
Opening net book amount	54,535	4,786	3,921	5,786	11,546	-	80,574
Additions	248	1,338	913	1,561	2,441	2,257	8,758
Disposals	(6)	(991)	(15)	(143)	(124)	-	(1,279)
Depreciation charge (Note 8)	(7,779)	(770)	(2,330)	(1,289)	(5,011)	-	(17,179)
Closing net book amount	46,998	4,363	2,489	5,915	8,852	2,257	70,874
<b>As at December 31, 2025</b>							
Cost	76,910	48,262	21,546	13,593	54,253	2,257	216,821
Accumulated depreciation	(29,912)	(43,899)	(19,057)	(7,678)	(45,401)	-	(145,947)
Net book amount	46,998	4,363	2,489	5,915	8,852	2,257	70,874
	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>Year ended December 31, 2024</b>							
Opening net book amount	57,987	6,485	7,293	6,564	14,829	30,893	124,051
Additions	2,028	2,418	1,439	901	12,640	649	20,075
Transfer upon completion	31,542	-	-	-	-	(31,542)	-
Disposals	(29)	(1,548)	(57)	(89)	(5,238)	-	(6,961)
Disposals-subsidary	(28,972)	(20)	(445)	(13)	(3,389)	-	(32,839)
Depreciation charge (Note 8)	(8,021)	(2,549)	(4,309)	(1,577)	(7,296)	-	(23,752)
Closing net book amount	54,535	4,786	3,921	5,786	11,546	-	80,574
<b>As at December 31, 2024</b>							
Cost	76,670	52,758	20,923	12,654	54,400	-	217,405
Accumulated depreciation	(22,135)	(47,972)	(17,002)	(6,868)	(42,854)	-	(136,831)
Net book amount	54,535	4,786	3,921	5,786	11,546	-	80,574

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 13 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

### 13.2 Financial information of property, plant and equipment *(Continued)*

- (a) No property, plant and equipment of the Group were pledged as security as at December 31, 2025 (2024: nil).
- (b) Depreciation charges were charged to profit or loss as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Cost of revenue	8,509	9,579
Administrative expenses	7,552	11,890
Selling and marketing expenses	824	1,952
Research and development expenses	294	331
	<b>17,179</b>	<b>23,752</b>

## 14 INTANGIBLE ASSETS

	Computer software RMB'000
<b>Year ended December 31, 2025</b>	
Opening net book amount	2,994
Additions	841
Amortisation	(653)
	<b>3,182</b>
<b>Closing net book amount as at December 31, 2025</b>	
<b>At December 31, 2025</b>	
Cost	4,271
Accumulated amortisation	(1,089)
	<b>3,182</b>
<b>Net book amount</b>	
<b>Year ended December 31, 2024</b>	
Opening net book amount	367
Additions	2,906
Amortisation	(279)
	<b>2,994</b>
<b>Closing net book amount as at December 31, 2024</b>	
<b>At December 31, 2024</b>	
Cost	3,430
Accumulated amortisation	(436)
	<b>2,994</b>
<b>Net book amount</b>	

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 14 INTANGIBLE ASSETS (Continued)

Amortisation of the Group's intangible assets were charged in the following accounts in the consolidated statement of profit or loss as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Cost of revenue	584	227
Administrative expenses	13	52
Research and development expenses	56	–
	<b>653</b>	279

## 15 LEASES

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

The balance sheet shows the following amounts relating to leases:

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
<b>Right-of-use assets</b>		
Leased buildings	75,018	91,511
<b>Lease liabilities</b>		
Current	(31,081)	(49,709)
Non-current	(34,027)	(40,859)
	<b>(65,108)</b>	(90,568)

Additions to the right-of-use assets during the year ended December 31, 2025 were RMB47,690,000 (2024: RMB46,859,000).

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

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

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Depreciation charge of right-of-use assets	53,695	51,977
Interest expense (included in finance cost)	3,530	4,865
Expense relating to short-term leases	247,112	247,590

The total cash outflow for short-term leases during the year 2025 were RMB247,112,000 (2024: RMB247,590,000).

The total cash outflow for leases except for short-term leases during the year ended December 31, 2025 were RMB64,304,000 (2024: RMB59,564,000).

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 16 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	<b>As at December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Financial assets</b>		
Financial assets at amortised cost		
Trade receivables	<b>26,847</b>	20,629
Prepayments and other receivables (excluding non-financial assets)	<b>52,017</b>	66,615
Cash and cash equivalents	<b>869,141</b>	945,953
Term deposits with initial term of over three months	<b>366,154</b>	287,871
Restricted cash	<b>351</b>	–
Other financial assets at amortised cost	<b>55,449</b>	65,474
Financial assets at fair value through profit or loss	<b>132,096</b>	123,756
	<b>1,502,055</b>	1,510,298
<b>Financial liabilities</b>		
Financial liabilities at amortised cost		
Trade and other payables (excluding tax payable and accrued salaries and bonuses)	<b>36,467</b>	46,648
Lease liabilities	<b>65,108</b>	90,568
	<b>101,575</b>	137,216

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 17 TRADE RECEIVABLES

	Notes	As at December 31,	
		2025	2024
		RMB'000	RMB'000
Trade receivables from contracts with customers			
– Third parties		<b>26,624</b>	20,904
– Related parties	34(c)	<b>506</b>	–
Loss allowance		<b>(283)</b>	(275)
		<b>26,847</b>	20,629

- (a) Due to the short-term nature of the trade receivables, their carrying amount is considered to be the same as their fair value.
- (b) The credit terms given to trade customers are determined on an individual basis with normal credit period mainly ranging from 30 to 60 days.

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

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Up to 3 months	<b>21,516</b>	15,700
3 to 6 months	<b>2,034</b>	1,598
6 to 12 months	<b>65</b>	217
More than 1 year	<b>3,515</b>	3,389
	<b>27,130</b>	20,904

- (c) Impairment and risk exposure  
The Group applies the IFRS 9 simplified approach to trade receivables. The loss allowance for trade receivables at amortised cost was not material during the year ended December 31, 2025. Note 3.1 (b) provides for details about the provision for loss allowance on trade receivables.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 18 PREPAYMENTS AND OTHER RECEIVABLES

	Notes	As at December 31,	
		2025	2024
		RMB'000	RMB'000
<b>Non-current portion:</b>			
Loan to third parties	(a)	25,411	–
Prepayments for property, plant and equipment		658	292
Deposits receivable		5,499	10,506
Loss allowance		(1,899)	(114)
		<b>29,669</b>	10,684
<b>Current portion:</b>			
Advances to suppliers		44,344	24,008
Prepayments for taxes		4,140	561
Deposits receivable		17,651	12,870
Input VAT recoverable		10,412	19,926
Amount due from related parties	34(c)	993	2,378
Loan to third parties	(a)	4,988	34,217
Receivables from redemption of wealth management products		–	7,355
Others		20,936	18,267
Loss allowance		(322)	(932)
		<b>103,142</b>	118,650
		<b>132,811</b>	129,334

- (a) In May 2024, the Group and a third party (the “Investor”) entered into an equity transfer agreement, pursuant to which the Group would dispose and the Investor would purchase 100% equity interest of Sichuan Lancai Shumei Technology Co., Ltd. (“Sichuan Lancai”, a subsidiary of the Group) at a total consideration of RMB4,945,000. The Investor had paid the Group all the consideration, with RMB1,500,000 paid before June 30, 2024 and the remaining RMB3,445,000 paid before December 31, 2024. Cash and cash equivalents of Sichuan Lancai amounting to RMB2,502,000 were also transferred as part of the disposal, resulting a net cash proceed of RMB2,443,000 from the disposal. As the consideration was close to the book value of Sichuan Lancai’s equity interest, the Group’s gains or losses arising from the transaction was not significant.

Upon the completion of the above transaction, Sichuan Lancai became a third party instead of a subsidiary of the Group, so the Group’s receivables from Sichuan Lancai of RMB40,217,000 were no longer eliminated in the Group’s consolidated financial statements. Pursuant to a separate agreement signed by the Group and the Investor, the Group’s receivables from Sichuan Lancai of RMB40,217,000 shall be fully repaid to the Group within one year before May 31, 2025, at an interest rate of 3.45% per annum with collateral by the fixed assets of Sichuan Lancai. Among the total Group’s receivables, RMB12,500,000 shall be repaid by the Investor on behalf of Sichuan Lancai, and the remaining RMB27,717,000 shall be repaid by Sichuan Lancai.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 18 PREPAYMENTS AND OTHER RECEIVABLES (Continued)

(a) (Continued)

As of May 2025, Sichuan Lancai and the Investor had paid RMB6,800,000 and RMB2,200,000 respectively to the Group. In May 2025, the Group, the Investor, and Sichuan Lancai entered into a supplemental agreement, pursuant to which the Group's remaining receivables from Sichuan Lancai and the Investor of RMB21,308,000 and RMB10,493,000 respectively, including interests of RMB391,000 and RMB193,000 respectively, shall be fully repaid to the Group within one year before May 31, 2026, at an annual interest rate of 3.00% with collateral.

In July 2025, Sichuan Lancai had paid RMB2,000,000 to the Group. Meanwhile, the Group, the Investor, and Sichuan Lancai entered into another supplemental agreement, pursuant to which the Group's remaining receivables from Sichuan Lancai and the Investor of RMB19,939,000 and RMB10,460,000 respectively (including interests of RMB304,000 and RMB160,000) are extended and are repaid under a payment schedule within six years before December 31, 2030, at an annual interest rate based on the official bank loan interest rate for the same period authorised and published by the People's Bank of China with collateral. Management considered that there were no significant financial impact to the Group.

The credit risk of the Group's receivables from Sichuan Lancai and the Investor has increased significantly since initial recognition, and the loss allowance should be measured at an amount equal to the lifetime expected credit losses under Stage 2 category, resulting in an impairment loss totally amounted of RMB1,318,000 recognised in the consolidated statement of profit or loss for the year ended December 31, 2025.

## 19 INVENTORIES

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Finished goods	46,705	50,382
Raw materials	11,662	10,447
Work in progress	9,371	16,213
	<b>67,738</b>	77,042

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

The cost of inventories recognised as an expense and included in cost of revenue for the year ended December 31, 2025 amounted to RMB207,425,000 (2024: RMB251,889,000) (Note 8).

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

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

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Wealth management products	<b>132,096</b>	123,756

### (i) Amounts recognised in profit or loss

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

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Fair value gains on financial assets at fair value through profit or loss (Note 7)	<b>9,490</b>	10,517

### (ii) Risk exposure and fair value measurements

Information about the Group's exposure to price risk is provided in Note 3.1. For information about the methods and assumptions used in determining fair value, see Note 3.3.

## 21 OTHER FINANCIAL ASSETS AT AMORTISED COST

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Other financial assets at amortised cost	<b>56,447</b>	66,610
Loss allowance	<b>(998)</b>	(1,136)
	<b>55,449</b>	65,474

Other financial assets at amortised cost mainly includes short-term notes and other investments, with guaranteed annual return of 5.0% per annum for the year ended December 31, 2025 (2024: 4.5% to 5.0%). 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 amortised costs.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 22 CASH AND CASH EQUIVALENTS

	<b>As at December 31,</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
<b>Cash and cash equivalents</b>		
Cash at bank and in hand		
— RMB	<b>259,695</b>	173,791
— USD	<b>496,265</b>	695,339
— HKD	<b>36,529</b>	46,285
— SGD	<b>1</b>	72
— CAD	<b>25</b>	—
Cash at licensed payment institutions		
— RMB	<b>8,173</b>	22,712
— HKD	<b>68,453</b>	7,754
	<b>869,141</b>	945,953

## 23 TERM DEPOSITS WITH INITIAL TERM OF OVER THREE MONTHS

	<b>As at December 31,</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
<b>Current portion:</b>		
Term deposits with initial term of over three months		
— USD	<b>166,055</b>	87,748
<b>Non-current portion:</b>		
Term deposits with initial term of over three months		
— RMB	<b>200,099</b>	200,123
	<b>366,154</b>	287,871

The carrying amounts of term deposits with initial term of over three months approximated their fair values, since the interest receivables on these term deposits with initial term of over three months is either close to current market rates or the term deposits with initial term of over three months are of a short-term nature.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 24 SHARE CAPITAL AND SHARE PREMIUM

### Company

Authorised:	Number of ordinary shares	Nominal value of ordinary shares USD'000
-------------	------------------------------	------------------------------------------------

<b>As at January 1, 2024, December 31, 2024 and December 31, 2025</b>	5,000,000,000	50
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Issued:	Number of ordinary shares Thousands	Nominal value of ordinary shares USD	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total share capital and share premium RMB'000
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<b>As at January 1, 2024</b>	2,281,381	22,814	150	15,104,233	15,104,383
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Employee share schemes – exercise of share incentive schemes	13,360	134	3	188,838	188,841
Cancellation of treasury shares (Note 26(c))	(65,060)	(651)	(5)	(228,956)	(228,961)

<b>As at December 31, 2024</b>	2,229,681	22,297	148	15,064,115	15,064,263
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Employee share schemes – exercise of share incentive schemes	7,954	80	1	75,183	75,184
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<b>As at December 31, 2025</b>	2,237,635	22,377	149	15,139,298	15,139,447
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# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 25 SHARES-BASED PAYMENTS

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

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

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

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

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

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

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 25 SHARES-BASED PAYMENTS *(Continued)*

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

#### (i) *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 at January 1, 2025</b>	<b>34,517,810</b>
Forfeited during the year	<b>(30,000)</b>
Exercised during the year	<b>(17,948,650)</b>
	<hr/>
<b>Outstanding as at December 31, 2025</b>	<b>16,539,160</b>
— Exercisable as at December 31, 2025	<b>14,708,363</b>
	<hr/>
<b>Outstanding as at January 1, 2024</b>	75,326,760
Forfeited during the year	(418,160)
Exercised during the year	(40,390,790)
	<hr/>
<b>Outstanding as at December 31, 2024</b>	34,517,810
— Exercisable as at December 31, 2024	24,541,433
	<hr/>

The weighted-average remaining contract life for outstanding share options were 5.09 years as of year ended December 31, 2025 (2024: 6.09 years).

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

As the exercise price of share option is nil, the fair value of share options is developed based on the spot price of the ordinary shares. The Group used the discounted cash flow method to determine the underlying equity fair value of the Group. During the year ended December 31, 2025, there were no grants related to the Pre-IPO Share Option Scheme (2024: nil).

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 25 SHARES-BASED PAYMENTS (Continued)

### (b) The 2023 Share Incentive Schemes

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

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

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

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

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

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

On October 15, 2025, the Group granted a total of 11,209,000 RSUs, representing an aggregate of 11,209,000 shares, to 223 employees of the Group under the 2023 Restricted Share Unit Scheme at a nil consideration, subject to the acceptance by the grantee. The closing price of the shares on this grant date was HK\$2.68 (equivalent to RMB2.45) per share.

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

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

During the year ended December 31, 2025, there were no grants related to the 2023 Share Option Scheme (2024: nil).

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 25 SHARES-BASED PAYMENTS (Continued)

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

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

	Number of RSUs
<b>Outstanding as at January 1, 2025</b>	<b>25,460,950</b>
Granted during the year	<b>31,809,000</b>
Exercised during the year	<b>(13,305,175)</b>
Forfeited during the year	<b>(540,875)</b>
	<hr/>
<b>Outstanding as at December 31, 2025</b>	<b>43,423,900</b>
— Vested and exercisable as at December 31, 2025	<b>7,375</b>
	<hr/>
	Number of RSUs
<b>Outstanding as at January 1, 2024</b>	866,000
Granted during the year	31,600,000
Exercised during the year	(6,146,250)
Forfeited during the year	(858,800)
	<hr/>
<b>Outstanding as at December 31, 2024</b>	25,460,950
— Vested and exercisable as at December 31, 2024	500
	<hr/>

### (c) Expenses arising from share-based payment transactions

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

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Options issued under the Pre-IPO Share Option Scheme	<b>16,763</b>	49,058
Shares issued under the 2023 Restricted Share Unit Scheme	<b>66,263</b>	73,904
	<hr/>	<hr/>
	<b>83,026</b>	122,962
	<hr/>	<hr/>

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 26 OTHER RESERVES

	Capital reserves RMB'000 <i>(Note a)</i>	Statutory surplus reserves RMB'000 <i>(Note b)</i>	Share-based payment reserves RMB'000	Treasury shares RMB'000	Other comprehensive income RMB'000	Total RMB'000
<b>As at January 1, 2025</b>	<b>(9,029,398)</b>	<b>39,850</b>	<b>121,042</b>	<b>(368,412)</b>	<b>(516,048)</b>	<b>(9,752,966)</b>
Profit appropriation to statutory surplus reserves	-	9,627	-	-	-	9,627
Share-based compensation <i>(Note 9)</i>	-	-	83,026	-	-	83,026
Employee share schemes — exercise of share incentive scheme	-	-	(127,926)	52,742	-	(75,184)
Repurchase of treasury shares <i>(Note c)</i>	-	-	-	(152,295)	-	(152,295)
Currency translation differences	-	-	-	-	(23,611)	(23,611)
<b>As at December 31, 2025</b>	<b>(9,029,398)</b>	<b>49,477</b>	<b>76,142</b>	<b>(467,965)</b>	<b>(539,659)</b>	<b>(9,911,403)</b>
	Capital reserves RMB'000 <i>(Note a)</i>	Statutory surplus reserves RMB'000 <i>(Note b)</i>	Share-based payment reserves RMB'000	Treasury shares RMB'000	Other comprehensive income RMB'000	Total RMB'000
<b>As at January 1, 2024</b>	<b>(9,029,398)</b>	<b>17,501</b>	<b>211,285</b>	<b>(177,776)</b>	<b>(533,172)</b>	<b>(9,511,560)</b>
Profit appropriation to statutory surplus reserves	-	22,349	-	-	-	22,349
Share-based compensation <i>(Note 9)</i>	-	-	122,962	-	-	122,962
Employee share schemes — exercise of share incentive scheme	-	-	(213,205)	24,364	-	(188,841)
Repurchase of treasury shares <i>(Note c)</i>	-	-	-	(443,961)	-	(443,961)
Cancellation of treasury shares <i>(Note c)</i>	-	-	-	228,961	-	228,961
Currency translation differences	-	-	-	-	17,124	17,124
<b>As at December 31, 2024</b>	<b>(9,029,398)</b>	<b>39,850</b>	<b>121,042</b>	<b>(368,412)</b>	<b>(516,048)</b>	<b>(9,752,966)</b>

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 26 OTHER RESERVES (Continued)

### (a) Capital reserves

The capital reserves were mainly generated from the reorganization before the IPO, relating to the spin off from the predecessor holding company, and there were no changes during the year ended 31 December 2025 (2024:nil).

### (b) 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.

### (c) 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.

Pursuant to the rules of the 2023 Share Incentive Schemes adopted by the Company in June 2023, the trustee of the 2023 Share Incentive Schemes purchased from the market a total of 23,950,000 shares at a total consideration of approximately HK\$72,816,000 (equivalent to RMB66,287,000) during the year ended December 31, 2025, which was deducted from equity as "treasury shares" (2024: 54,565,000 shares were purchased at a total consideration of approximately HK\$236,547,000, equivalent to RMB215,000,000).

Pursuant to the resolution of the board of directors dated May 13, 2024, the Company intends to repurchase ordinary shares of the Company (the "**Shares**") in the open market from time to time during the period from May 13, 2024 to May 12, 2025 (both days inclusive) at a maximum aggregate amount of HK\$300,000,000 in value (the "**Share Repurchase**"), which the repurchased Shares will be cancelled subsequently. During the year ended December 31, 2024, the Company repurchased from the market at a total of 65,060,000 Shares at a total consideration of approximately HK\$251,163,000 (equivalent to RMB228,961,000), which had been cancelled subsequently.

Pursuant to the annual general meeting hold on June 27, 2025, the directors of the Company were granted a general mandate to repurchase shares in the open market not exceeding 10% of the Company's total number of issued shares (excluding treasury shares) as at the date of passing of this resolution (the "**Repurchase Mandate**"), which the repurchased Shares will be held as treasury shares. During the year ended December 31, 2025, the Company repurchased from the market at a total of 30,557,000 Shares at a total consideration of approximately HK\$94,405,000 (equivalent to RMB86,008,000).

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 27 TRADE AND OTHER PAYABLES

	Notes	As at December 31,	
		2025	2024
		RMB'000	RMB'000
<b>Trade payables</b>			
— Third parties		<b>28,791</b>	34,559
— Related parties	34(d)	<b>258</b>	—
Accrued salaries, bonuses and welfares		<b>122,356</b>	155,650
Tax payable (other than income tax payable)		<b>23,392</b>	30,384
Accrued auditor's remuneration		<b>2,313</b>	2,678
Others		<b>5,105</b>	9,411
		<b>182,215</b>	232,682

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

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Within 1 year	<b>28,858</b>	34,378
More than 1 year	<b>191</b>	181
	<b>29,049</b>	34,559

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

## 28 REFUND LIABILITIES

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Refund liabilities arising from right of refund	<b>137,605</b>	173,515

The refund liabilities relate to customers' right of refund of prepaid course fee or in some cases refund course fee where related service is already provided. For more details, please refer to Note 4(b).

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 29 DEFERRED INCOME TAX BALANCES

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

	<b>As at December 31,</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Deferred income tax assets:		
to be recovered after more than 12 months	<b>17,623</b>	28,558
to be recovered within 12 months	<b>31,054</b>	29,627
<b>Total deferred income tax assets</b>	<b>48,677</b>	58,185
Set-off of deferred income tax liabilities pursuant to set-off provisions	<b>(15,923)</b>	(19,215)
Net deferred income tax assets	<b>32,754</b>	38,970
Deferred income tax liabilities:		
to be recovered after more than 12 months	<b>(11,219)</b>	(9,289)
to be recovered within 12 months	<b>(13,689)</b>	(19,838)
<b>Total deferred income tax liabilities</b>	<b>(24,908)</b>	(29,127)
Set-off of deferred income tax liabilities pursuant to set-off provisions	<b>15,923</b>	19,215
Net deferred income tax liabilities	<b>(8,985)</b>	(9,912)

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 29 DEFERRED INCOME TAX BALANCES (Continued)

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

Deferred income tax assets	Tax losses RMB'000	Lease liabilities RMB'000	Total RMB'000
<b>As at January 1, 2024</b>	39,919	24,117	64,036
Charged to profit or loss	(229)	(4,694)	(4,923)
Disposal of a subsidiary	–	(928)	(928)
<b>As at December 31, 2024</b>	<b>39,690</b>	<b>18,495</b>	<b>58,185</b>
Charged to profit or loss	<b>(4,707)</b>	<b>(4,801)</b>	<b>(9,508)</b>
<b>As at December 31, 2025</b>	<b>34,983</b>	<b>13,694</b>	<b>48,677</b>

Deferred income tax liabilities	Unrealised investment income RMB'000	Right-of-use assets RMB'000	Withholding tax RMB'000	Accelerated tax depreciation RMB'000	Total RMB'000
<b>As at January 1, 2024</b>	(42)	(24,125)	–	–	(24,167)
Credited/(charged) to profit or loss	24	4,115	(7,500)	(2,529)	(5,890)
Disposal of a subsidiary	–	930	–	–	930
<b>As at December 31, 2024</b>	<b>(18)</b>	<b>(19,080)</b>	<b>(7,500)</b>	<b>(2,529)</b>	<b>(29,127)</b>
Credited to profit or loss	<b>3</b>	<b>3,110</b>	<b>906</b>	<b>200</b>	<b>4,219</b>
<b>As at December 31, 2025</b>	<b>(15)</b>	<b>(15,970)</b>	<b>(6,594)</b>	<b>(2,329)</b>	<b>(24,908)</b>

Note a:

Tax losses

	As at December 31, 2025 RMB'000	2024 RMB'000
Unused tax losses for which no deferred income tax asset has been recognised	<b>332,022</b>	395,264

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

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 29 DEFERRED INCOME TAX BALANCES (Continued)

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

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
<b>Year ending</b>		
— December 31, 2026	<b>3,361</b>	20,224
— December 31, 2027	<b>3,446</b>	9,560
— December 31, 2028	<b>969</b>	2,959
— December 31, 2029	<b>112</b>	27,688
— December 31, 2030	<b>1,867</b>	—
— December 31, 2031	<b>112,993</b>	139,147
— December 31, 2034	<b>7,597</b>	33,356
— December 31, 2035	<b>6,664</b>	—
— No expiry date (i)	<b>195,013</b>	162,330
	<hr/>	<hr/>
Total	<b>332,022</b>	395,264

*Note i:*

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

## 30 DIVIDENDS

The Board did not propose a final dividend during the year ended December 31, 2025 (2024: nil).

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 31 CASH FLOW INFORMATION

### (a) Cash generated from operations

	Notes	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
<b>Profit before income tax</b>		<b>221,831</b>	262,039
Adjustments for:			
Depreciation of property, plant and equipment	13	17,179	23,752
Amortisation of intangible assets	14	653	279
Depreciation of right-of-use assets	15	53,695	51,977
Net losses on disposal of property, plant and equipment	7	507	86
Fair value gains on financial assets at fair value through profit or loss	7	(9,490)	(10,517)
Interest income on other financial assets at amortised cost	6	(2,880)	(3,741)
Interest income on loans to third parties		(1,182)	–
Net fair value losses on derivatives	7	1,054	3,802
Finance income, net	10	(33,322)	(34,828)
Net impairment losses on financial assets		1,067	174
Losses on disposal of leasehold improvement		124	5,238
Share of net loss of investments accounted for using the equity method	38	293	–
Net gains on termination of leases		(1,888)	(5,292)
Non-cash employee benefits expense — share-based payments	9	83,026	122,962
<b>Change in operating assets and liabilities:</b>			
Increase in trade receivables and prepayments and other receivables		(18,106)	(4,939)
Decrease in contract assets		2,136	26,329
Decrease/(increase) in inventories		9,304	(19,777)
Decrease in contract liabilities		(9,292)	(9,124)
Decrease in refund liabilities		(35,910)	(53,552)
Decrease in trade and other payables		(50,467)	(102,633)
(Increase)/decrease in restricted cash		(351)	5,666
Decrease in deferred income		(778)	(761)
<b>Cash generated from operations</b>		<b>227,203</b>	257,140

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 31 CASH FLOW INFORMATION *(Continued)*

### (b) Net cash and liabilities from financing activities

This section sets out an analysis of net cash and the movements in net cash for the reporting periods.

	<b>As at December 31,</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Cash and cash equivalents	<b>869,141</b>	945,953
Restricted cash	<b>351</b>	–
Term deposits with initial term of over three months	<b>366,154</b>	287,871
Liquid investments (i)	<b>187,545</b>	189,230
Lease liabilities	<b>(65,108)</b>	(90,568)
	<hr/> <b>1,358,083</b>	<hr/> 1,332,486
<b>Net cash</b>		
Cash and liquid investments	<b>1,423,191</b>	1,423,054
Gross debt — fixed interest rates	<b>(65,108)</b>	(90,568)
	<hr/> <b>1,358,083</b>	<hr/> 1,332,486
<b>Net cash</b>		

- (i) Liquid investments comprise current investments that are investment in wealth management products that usually held from several days up to one year, being the Group's financial assets held at fair value through profit or loss (see Note 20), and current investments that are investment in short-term notes that held at amortised cost (see Note 21).

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 31 CASH FLOW INFORMATION (Continued)

### (b) Net cash and liabilities from financing activities (Continued)

	Liabilities from financing activities		
	Lease liabilities	Financial liabilities at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000
<b>As at January 1, 2024</b>	(118,261)	(164)	(118,425)
Cash flows	59,564	–	59,564
Additions	(46,859)	–	(46,859)
Accrual interest for lease liabilities	(4,865)	–	(4,865)
Other changes	19,853	164	20,017
<b>As at December 31, 2024</b>	(90,568)	–	(90,568)
Cash flows	<b>64,304</b>	–	<b>64,304</b>
Additions	<b>(47,830)</b>	–	<b>(47,830)</b>
Accrual interest for lease liabilities	<b>(3,530)</b>	–	<b>(3,530)</b>
Other changes	<b>12,516</b>	–	<b>12,516</b>
<b>As at December 31, 2025</b>	<b>(65,108)</b>	–	<b>(65,108)</b>

### (c) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

Details of acquisition of right-of-use assets were disclosed in Note 15.

Details of options and shares granted to participants under the Pre-IPO Share Option Scheme and 2023 Share Incentive Schemes without cash considerations were disclosed in Note 25.

Details of the non-cash financing activities related to the issuance of ordinary shares for exercise of share incentive schemes were disclosed in Notes 24 and 26.

## 32 CONTINGENCIES

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

## 33 COMMITMENTS

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

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 34 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. Mr. LI Yong, a director of YUAN Inc, is also a director of the Company
Beijing Yuanli Future Technology Co., Ltd.	A subsidiary indirectly controlled by YUAN Inc. Mr. LI Yong, a director of YUAN Inc, is also a director of the Company
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
Shenzhen Tencent Computer System 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
Shenzhen 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 reporting periods presented, the Group had the following significant transactions with related parties.

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
<b>Sales of goods and services:</b>		
Beijing Yuanli Technology Co., Ltd. (i)	7	7
Beijing Yuanli Technology Co., Ltd. (ii)	7,821	9,057
Beijing Yuanli Future Technology Co., Ltd. (iii)	6,113	—
	<b>13,941</b>	9,064

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

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

(iii) This related party transaction represents revenue from provision of printing services.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 34 RELATED PARTY TRANSACTIONS (Continued)

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

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
<b>Purchases of goods and services:</b>		
Tencent Cloud Computing (Beijing) Co., Ltd. (iv)	13,127	11,590
Tenpay Payment Technology Co., Ltd. (v)	5,452	3,652
Beijing Tencent Culture Media Co., Ltd. (vi)	1	5
Shenzhen Tencent Computer System Co., Ltd. (vii)	1,762	1,547
	<b>20,342</b>	16,794

(iv) This related party transaction represents cost paid or payable for the related cloud store service.

(v) This related party transaction represents cost paid or payable for related payment service.

(vi) This related party transaction represents cost paid or payable for related promotion service.

(vii) This related party transaction represents cost paid or payable for related technical service.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 34 RELATED PARTY TRANSACTIONS (Continued)

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

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
<b>Balances due from related parties</b>		
Tencent Cloud Computing (Beijing) Co., Ltd.	–	1,503
Shenzhen Tencent Computer System Co., Ltd.	954	818
Tenpay Payment Technology Co., Ltd.	25	57
Beijing Yuanli Future Technology Co., Ltd.	506	–
Beijing Tencent Culture Media Co., Ltd.	4	–
Shenzhen Tencent Culture Media Co., Ltd.	10	–
	<b>1,499</b>	<b>2,378</b>

### (d) Outstanding balances due to related parties

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
<b>Balances due to related parties</b>		
Shenzhen Tencent Computer System Co., Ltd.	258	–

### (e) Key management personnel compensation

Key management compensation other than those relating to the emoluments of the directors of the Company being disclosed were set out below:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Wages and salaries	6,803	8,658
Bonuses	348	303
Pension costs — defined contribution plans	185	179
Other social security costs	192	187
Share-based compensation expenses	17,196	26,767
	<b>24,724</b>	<b>36,094</b>

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 35 BENEFITS AND INTERESTS OF DIRECTORS

### (a) Directors' emoluments

The remuneration of each Director for the years ended December 31, 2025 and 2024 were set out below:

Year ended				Contribution	Welfare,	Share-based		
December 31, 2025	Notes	Fees	Salary	to pension	medical	compensation	Total	
		RMB'000	RMB'000	plan	and other	expenses	RMB'000	
				RMB'000	expenses	RMB'000	RMB'000	
<b>Name of director</b>								
Mr. ZHANG Xiaolong	(i)	-	2,243	300	84	96	-	2,723
Mr. WEI Liang	(ii)	-	2,243	300	84	96	8,777	11,500
Mr. LI Xin	(iv)	-	-	-	-	-	-	-
Mr. QIU Dongxiao	(v)	154	-	-	-	-	-	154
Mr. YUEN Kai Yiu Kelvin	(vi)	135	-	-	-	-	-	135
Ms. YUAN Jia	(vii)	135	-	-	-	-	-	135
		<b>424</b>	<b>4,486</b>	<b>600</b>	<b>168</b>	<b>192</b>	<b>8,777</b>	<b>14,647</b>

Year ended				Contribution	Welfare,	Share-based		
December 31, 2024	Notes	Fees	Salary	to pension	medical	compensation	Total	
		RMB'000	RMB'000	plan	and other	expenses	RMB'000	
				RMB'000	expenses	RMB'000	RMB'000	
<b>Name of director</b>								
Mr. ZHANG Xiaolong	(i)	-	3,162	-	75	93	-	3,330
Mr. WEI Liang	(ii)	-	3,164	-	75	93	13,751	17,083
Mr. LI Yong	(iii)	-	-	-	-	-	-	-
Mr. LI Xin	(iv)	-	-	-	-	-	-	-
Mr. QIU Dongxiao	(v)	157	-	-	-	-	-	157
Mr. YUEN Kai Yiu Kelvin	(vi)	139	-	-	-	-	-	139
Ms. YUAN Jia	(vii)	139	-	-	-	-	-	139
		<b>435</b>	<b>6,326</b>	<b>-</b>	<b>150</b>	<b>186</b>	<b>13,751</b>	<b>20,848</b>

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 35 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

### (a) Directors' emoluments *(Continued)*

Notes:

- (i) Mr. ZHANG Xiaolong was appointed as a director and chief executive officer of the Company with effect from December 14, 2020.
- (ii) Mr. WEI Liang was appointed as a director and chief technology officer of the Company with effect from December 31, 2020.
- (iii) Mr. LI Yong was appointed as a director of the Company with effect from December 31, 2020 and resigned at December 9, 2024 due to personal reason.
- (iv) Mr. LI Xin was appointed as a director of the Company with effect from December 31, 2020 and resigned at May 16, 2025 due to personal reason.
- (v) Mr. QIU Dongxiao was appointed as an independent non-executive director of the Company with effect from January 9, 2023.
- (vi) Mr. YUEN Kai Yiu Kelvin was appointed as an independent non-executive director of the Company with effect from January 9, 2023.
- (vii) Ms. YUAN Jia was appointed as an independent non-executive director of the Company with effect from January 9, 2023.

### (b) Directors' retirement benefits

During the year ended December 31, 2025, no retirement benefits were paid or receivable by any directors in respect of their services in connection with the management of the affairs of the Company or its subsidiary undertaking (2024: nil).

### (c) Directors' termination benefits

During the year ended December 31, 2025, no payments was made to directors as compensation for early termination of the appointment (2024: nil).

### (d) Consideration provided to third parties for making available directors' service

During the year ended December 31, 2025, no payment was made to the former employer of directors or third parties for making available the services as a director of the Company (2024: nil).

### (e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended December 31, 2025, there were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors (2024: nil).

### (f) Directors' material interests in transactions, arrangements or contracts

During the year ended December 31, 2025, no significant transaction, arrangement and contract in relation to the Group's business to which the Group companies were parties and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time of the year (2024: nil).

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

### Balance sheet of the Company

	Notes	As at December 31,	
		2025	2024
		RMB'000	RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries		10,280,633	10,199,010
<b>Total non-current assets</b>		<b>10,280,633</b>	10,199,010
<b>Current assets</b>			
Cash and cash equivalents		524,541	643,385
Financial assets at fair value through profit or loss		64,400	62,906
Prepayments and other receivables		871,350	909,766
<b>Total current assets</b>		<b>1,460,291</b>	1,616,057
<b>Total assets</b>		<b>11,740,924</b>	11,815,067
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		149	148
Share premium	(a)	15,139,298	15,064,115
Other reserves	(a)	(544,627)	(386,934)
Accumulated losses	(a)	(2,886,967)	(2,899,294)
<b>Total equity</b>		<b>11,707,853</b>	11,778,035
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		33,071	37,032
<b>Total current liabilities</b>		<b>33,071</b>	37,032
<b>Total liabilities</b>		<b>33,071</b>	37,032
<b>Total equity and liabilities</b>		<b>11,740,924</b>	11,815,067

The balance sheet of the Company was approved by the Board of Directors on March 31, 2026 and was signed on its behalf:

ZHANG Xiaolong

WEI Liang

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

### (a) Reserve movement of the Company

	Share premium RMB'000	Share-based payment reserves RMB'000	Treasury shares RMB'000	Other comprehensive income RMB'000	Accumulated losses RMB'000	Total RMB'000
<b>As at January 1, 2025</b>	15,064,115	121,042	-	(507,976)	(2,899,294)	11,777,887
Profit for the year	-	-	-	-	12,327	12,327
Share-based compensation (Note 9)	-	83,026	-	-	-	83,026
Employee share schemes — exercise of incentive scheme	75,183	(127,926)	-	-	-	(52,743)
Currency translation differences	-	-	-	(26,785)	-	(26,785)
Repurchase of treasury shares	-	-	(86,008)	-	-	(86,008)
<b>As at December 31, 2025</b>	<b>15,139,298</b>	<b>76,142</b>	<b>(86,008)</b>	<b>(534,761)</b>	<b>(2,886,967)</b>	<b>11,707,704</b>
	Share premium RMB'000	Share-based payment reserves RMB'000	Treasury shares RMB'000	Other comprehensive income RMB'000	Accumulated losses RMB'000	Total RMB'000
<b>As at January 1, 2024</b>	15,104,233	211,285	-	(529,920)	(2,902,789)	11,882,809
Profit for the year	-	-	-	-	3,495	3,495
Share-based compensation (Note 9)	-	122,962	-	-	-	122,962
Employee share schemes — exercise of incentive scheme	188,838	(213,205)	-	-	-	(24,367)
Currency translation differences	-	-	-	21,944	-	21,944
Repurchase of treasury shares	-	-	(228,961)	-	-	(228,961)
Cancellation of treasury shares	(228,956)	-	228,961	-	-	5
<b>As at December 31, 2024</b>	<b>15,064,115</b>	<b>121,042</b>	<b>-</b>	<b>(507,976)</b>	<b>(2,899,294)</b>	<b>11,777,887</b>

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 37 SUBSIDIARIES

As at the date of this report, the Company has direct or indirect interests in the following companies:

Name of companies	Place and date of incorporation/establishment and kind of legal entity	Registered capital	Effective interests held by the Company		Principal activities
			As at December 31, 2025	2024	
<b>Directly held by the Company</b>					
Fenbi Education Technology (HK) Limited.	Hong Kong/January 15, 2021/ Limited liability company	HKD 1	100%	100%	Holding Company
Fenbi Columbus Limited	British Virgin Islands/ October 23, 2023/ Limited liability company	USD 1	100%	100%	Holding Company
<b>Indirectly held by the Company</b>					
Fenbi Voyager Pte. Ltd.	Singapore/November 3, 2023/ Limited liability company	SGD 50,000	100%	100%	Holding Company
Fenbi Education Technology Limited	Canada/November 5, 2024/ Limited liability company	USD 100	100%	100%	Holding Company
Beijing Fenbi Bluesky Technology Co., Ltd. (北京粉筆藍天科技有限公司)	PRC Mainland China/ February 25, 2015/ Limited liability company	RMB 10,000,000	100%	100%	Provision of education and training services
Beijing Fenbi Tianxia Culture Communication Co., Ltd. (北京粉筆天下文化傳播有限公司, "Beijing Fenbi Tianxia Culture")	PRC Mainland China/ March 25, 2016/ Limited liability company	RMB 10,000,000	100%	100%	Sales of books
Beijing Fenbi Tianxia Education Technology Co., Ltd. (北京粉筆天下教育科技有限公司, "Beijing Fenbi Tianxia Education")	PRC Mainland China/ November 15, 2016/ Limited liability company	RMB 10,000,000	100%	100%	Provision of education and training services
Shandong Lancai Tianxia Education Technology Co., Ltd. (山東藍彩天下教育科技有限公司)	PRC Mainland China/ October 27, 2020/ Limited liability company	RMB 10,000,000	100%	100%	Manufacturing books
Beijing Shengshi Jintu Culture Communication Co., Ltd. (北京盛世金圖文化傳播有限公司)	PRC Mainland China/ June 15, 2005/ Limited liability company	RMB 2,000,000	100%	100%	Sales of books
Zhejiang Huacai Fenbi Education Technology Co., Ltd. (浙江華才粉筆教育科技有限公司)	PRC Mainland China/ December 17, 2018/ Limited liability company	RMB 5,000,000	100%	100%	Provision of education and training services
Jiangsu Fenbi Training Center Co., Ltd. (江蘇粉筆培訓中心有限公司)	PRC Mainland China/ April 15, 2021/ Limited liability company	RMB 10,000,000	100%	100%	Provision of education and training services

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 37 SUBSIDIARIES (Continued)

Name of companies	Place and date of incorporation/establishment and kind of legal entity	Registered capital	Effective interests held by the Company		Principal activities
			As at December 31, 2025	2024	
Chongqing Fenyong Bixing Education Technology Co., Ltd. (重慶粉優筆行教育科技有限公司)	PRC Mainland China/ January 21, 2021/ Limited liability company	RMB 5,000,000	100%	100%	Provision of education and training services
Shanghai Bizhuo Technology Co., Ltd. (上海筆灼科技有限公司)	PRC Mainland China/ June 10, 2021/ Limited liability company	RMB 1,000,000	100%	100%	Provision of technical services
Yuxi Bilan Education Training School Co., Ltd. (玉溪筆藍教育培訓學校有限公司)	PRC Mainland China/ March 23, 2021/ Limited liability company	RMB 500,000	100%	100%	Provision of education and training services
Beijing Fenbi ShangAn Technology Co., Ltd. (北京粉筆上岸科技有限公司, "Fenbi ShangAn")	PRC Mainland China/ April 9, 2021/ Limited liability company	USD 10,000,000	100%	100%	Provision of education and training services
Beijing Fenbi ChuXin Technology Co., Ltd. (北京粉筆初心科技有限公司, "Fenbi ChuXin")	PRC Mainland China/ July 22, 2021/ Limited liability company	USD 10,000,000	100%	100%	Provision of education and training services
Diqing Bilan Education Training Co., Ltd. (迪慶筆藍教育培訓有限公司)	PRC Mainland China/ August 24, 2021/ Limited liability company	RMB 500,000	-	100%	Provision of education and training services
Anhui Fenbi Tianxia Training School Co., Ltd. (安徽粉筆天下培訓學校有限公司)	PRC Mainland China/ March 18, 2021/ Limited liability company	RMB 5,000,000	100%	100%	Provision of education and training services
Beijing Fenbi Planet Technology Co., Ltd. (北京粉筆星球科技有限公司)	PRC Mainland China/ June 15, 2022/ Limited liability company	RMB 10,000,000	100%	100%	Provision of education and training services
Beijing Fenbi Xingchen Technology Co., Ltd. (北京粉筆星辰科技有限公司)	PRC Mainland China/ February 14, 2023/ Limited liability company	RMB1,000,000	100%	100%	Provision of education and training services
Changsha Chuanbi Technology Co., Ltd. (長沙椽筆科技有限公司)	PRC Mainland China/ April 18, 2024/ Limited liability company	RMB1,000,000	100%	100%	Provision of education and training services

\* The English name of certain subsidiaries 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.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 38 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Set out below is the associate of the Group as at December 31, 2025 that is considered material to the Group. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the Group.

Name of companies	Place of business/ country of incorporation	% of ownership interest 2025 %	Nature of relationship	Measurement method	Carrying amount 2025 RMB'000
Shenzhen Qijing Guangnian Technology Co., Ltd. (深圳市奇境光年科技有限公司)	PRC Mainland China	25%	Associate	Equity method	5,807

In September 2025, the Group's subsidiary, Fenbi Chuxin, entered into an equity investment cooperation agreement with three third-party individuals to jointly establish Shenzhen Qijing Guangnian Technology Co., Ltd. ("**Qijing Guangnian**"). Qijing Guangnian has a registered capital of RMB3,000,000 and primarily engages in AI-powered companion robots. Fenbi Chuxin contributed RMB6,100,000, of which RMB750,000 was allocated to Qijing Guangnian's registered capital, representing a 25% stake, with the remaining amount recorded as capital reserve. For the year ended December 31, 2025, Qijing Guangnian recorded a loss of RMB1,171,000. The Group has recognized its share of the net loss amounting to RMB293,000.

\* The English name of certain associate referred to above represent the best efforts made by management of the Company to directly translate the Chinese names as it has not registered any official English name.

(a) There are no contingent liabilities relating to the Group's interest in the associate.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 38 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

### (b) Summarised financial information for the associate

	<b>As at December 31, 2025</b>
	RMB'000
<b>Summarised statement of financial position</b>	
<b>Current assets</b>	
Cash and cash equivalents	5,363
Other current assets	165
<b>Total current assets</b>	<b>5,528</b>
<b>Non-current assets</b>	32
<b>Current liabilities</b>	
Financial liabilities (excluding trade payables)	–
Other current liabilities	581
<b>Total current liabilities</b>	<b>581</b>
<b>Non-current liabilities</b>	–
<b>Net assets</b>	<b>4,979</b>

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 38 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

### (b) Summarised financial information for the associate *(Continued)*

	As at December 31, 2025 RMB'000
<b>Reconciliation to carrying amounts:</b>	
<b>Opening net assets</b>	-
Capital injection	6,150
Loss for the year	<u>(1,171)</u>
<b>Closing net assets</b>	<u>4,979</u>
Group's share in %	25
Group's share in RMB	1,245
Adjusted for registered capital not yet physically capitalised	550
Adjusted for contributions by the Group to capital reserve	<u>4,012</u>
<b>Carrying amount</b>	<u>5,807</u>
	For the year ended December 31, 2025 RMB'000
<b>Summarised statement of comprehensive income</b>	
<b>Revenue</b>	-
Income tax expenses	-
Loss for the year	<u>(1,171)</u>
Total comprehensive income	<u>(1,171)</u>
Dividends received from the associate	<u>-</u>

## 39 SUBSEQUENT EVENTS

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

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

### 40.1 Principles of consolidation and equity method

#### (i) **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 40.1(ii)).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in consolidated financial statements.

#### (ii) **Business combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

### 40.1 Principles of consolidation and equity method *(Continued)*

#### **(ii) Business combinations** *(Continued)*

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

#### **(iii) Associates**

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

#### **(iv) Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

### 40.1 Principles of consolidation and equity method *(Continued)*

#### *(iv) Equity method (Continued)*

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 40.6.

### 40.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

### 40.3 Foreign currency translation

#### *(i) Functional and presentation currency*

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('**the functional currency**'). The functional currencies of the subsidiaries in mainland of the PRC is Renminbi ("**RMB**"), while the Company's functional currency is US Dollar ("**USD**"). As the majority of the assets and operations of the Group are located in the PRC, the consolidated financial statements are presented in RMB.

#### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

### 40.3 Foreign currency translation (Continued)

#### (ii) Transactions and balances (Continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss, within finance income/(costs), net. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other losses, net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

#### (iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

#### (iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in associates or joint ventures that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

### 40.4 Intangible assets

Intangible assets represent the computer software.

All the acquired intangible assets except goodwill are stated at cost less accumulated amortization and accumulated impairment losses. Cost represents consideration paid for the rights to use all the intangible assets. The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Software 2-10 years

#### **Research and development expenses**

Research expenditure that do not meet the criteria below are recognised as an expense as incurred. Development expenditure are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

### 40.5 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group's derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other losses.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

### 40.6 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of reporting period.

### 40.7 Investments and other financial assets

#### **(i) Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### **(ii) Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### **(iii) Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

### 40.7 Investments and other financial assets *(Continued)*

#### **(iii) Measurement** *(Continued)*

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

##### *Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

### 40.7 Investments and other financial assets *(Continued)*

#### *(iv) Impairment*

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 17 for further details.

### 40.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 40.9 Inventories

Inventories comprise raw materials, work in progress and finished goods.

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 40.10 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 1 year and therefore all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 17 for further information about the Group's accounting for trade receivables and note 3.1 for a description of the Group's impairment policies.

### 40.11 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions which are subject to an insignificant risk of changes in value.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

### 40.12 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

### 40.13 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 40.14 Employee benefits

#### ***Liabilities for wages and salaries***

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current liabilities in the balance sheet.

#### ***Pension obligations***

The entities within the Group registered in the PRC make employee benefit contributions based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan and medical benefit plan organised by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to the existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separate from those of the Group.

#### ***Housing funds***

The PRC employees of the Group are also entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to those funds based on a certain percentage of the employee's salaries. The Group's liabilities in respect of these funds is limited to the contributions payable in each period.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

### 40.14 Employee benefits *(Continued)*

#### **Termination benefits**

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### 40.15 Share-based payments

Share-based compensation benefits are provided to employees via the Employee Share Option Plan (the “**ESOP**”) and the Restricted Share Unit Scheme (the “**RSU Scheme**”) adopted by the Company, were collectively referred as the Share Incentive Scheme.

#### **Share Incentive Schemes**

The fair value of options granted under the ESOP and the RSU Scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options and restricted share units granted:

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions (for example, remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of period, the entity revises its estimates of the number of options and restricted share units that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The fair value of the liability for cash-settled transactions is re-measured at reporting date and at the date of settlement. Any changes in fair value are recognised in profit or loss for the period. Equity-settled transactions are not remeasured after the grant date.

#### **Share-based payment transaction among group entities**

The grant by the Company of Share Incentive Scheme over its equity instruments to the employees of subsidiaries undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiaries undertakings, with a corresponding credit to equity in separate financial statements of the Company.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

### 40.15 Share-based payments *(Continued)*

#### ***Modifications and Cancellations***

The Group may modify the terms and conditions on which the ESOP or the RSU Scheme was granted. If a modification increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognised for the services received over the remainder of the vesting year. A grant of the share option or restricted share unit, that is cancelled or settled during the vesting year, is treated as an acceleration of vesting. The Group will immediately recognise the amount that otherwise would have been recognised for services received over the remainder of the vesting year.

### 40.16 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

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.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

### 40.16 Leases *(Continued)*

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalue its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. There are no low-value assets during the reporting periods presented.

# Notes to the Consolidated Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

## 40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

### 40.17 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

### 40.18 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 7.

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other income, see Note 6.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 10.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).



## Definitions

“AGM”	the annual general meeting of the Company to be held on Friday, June 26, 2026 or any adjournment thereof
“Articles of Association” or “Articles”	the articles of association of the Company, as amended from time to time
“Audit Committee”	the audit committee of the Board
“Beijing Fenbi Box”	Beijing Fenbi Box Enterprise Management LLP (北京粉筆盒子企業管理合夥企業(有限合夥)) is an employee shareholding platform of the Group
“Board Committees”	collectively, the Audit Committee, the Remuneration Committee and the Nomination Committee
“Board of Directors” or “Board”	the board of directors of our Company
“Cayman Companies Act”	the Companies Act (As Revised) of the Cayman Islands as amended, supplemented, or otherwise modified from time to time
“CG Code”	the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules
“China,” “Mainland China” or “PRC”	People’s Republic of China, excluding, for the purposes of this annual 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
“Company,” “our Company,” “Fenbi,” “Group,” “the 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)
“Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely Fenbi Bluesky and its subsidiaries, the financial accounts of which have been consolidated and accounted for as if it were a subsidiary of our Company by virtue of the Contractual Arrangements
“Contractual Arrangements”	a series of contractual arrangements we entered into to allow our Company to exercise control over the business operation of the Consolidated Affiliated Entities and enjoy all the economic interests derived therefrom
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of our Company

## Definitions

“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
“Fenbi ChuXin”	Beijing Fenbi ChuXin Technology Co., Ltd. (北京粉筆初心科技有限公司), a limited liability company established under the laws of the PRC on July 22, 2021 and an indirect wholly-owned subsidiary of the Company
“Fenbi ShangAn”	Beijing Fenbi ShangAn Technology Co., Ltd. (北京粉筆上岸科技有限公司), a limited liability company established under the laws of the PRC on April 9, 2021 and an indirect wholly-owned subsidiary of the Company
“Global Offering”	the Hong Kong public offering and the international offering of the Company
“HKD”	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 initial public offering
“IPO”	Initial public offering
“Lancai Tianxia”	Shandong Lancai Tianxia Education Technology Co., Ltd. (山東藍彩天下教育科技有限公司), a limited liability company established under the laws of the PRC on October 27, 2020, and one of the Consolidated Affiliated Entities prior to the Share Transfer
“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 C3 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



## Definitions

“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
“Registered Shareholders”	the registered shareholders of Fenbi Bluesky
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reporting Period”	the year ended December 31, 2025
“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)
“Share Transfer”	the transfer of 50.10% of the equity interests in Lancai Tianxia by Fenbi Bluesky to Fenbi Chuxin at a consideration of RMB5,010,000 pursuant to the Share Transfer Agreement
“Share Transfer Agreement”	the share transfer agreement dated November 8, 2024 entered into between Fenbi Bluesky and Fenbi Chuxin in relation to the transfer of 50.10% of the equity interests in Lancai Tianxia
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Tencent Computer”	Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司)
“Tianxia Culture”	Beijing Fenbi Tianxia Culture Communication Co., Ltd. (北京粉筆天下文化傳播有限公司), a limited liability company established under the laws of the PRC on March 25, 2016 and an indirect wholly-owned subsidiary of the Company
“Tianxia Education”	Beijing Fenbi Tianxia Education Technology Co., Ltd. (北京粉筆天下教育科技有限公司), a limited liability company established under the laws of the PRC on November 15, 2016 and an indirect wholly-owned subsidiary of the Company
“USD” or “US\$”	US dollars, the lawful currency of the United States
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction



## Definitions

“WL Family Trust”	the discretionary trust established by Mr. WEI Liang as the settlor and the protector, with Ocorian Trust Company as the trustee, details of which are set out in “History, Reorganization and Corporate Structure” in the Prospectus
“YLBJ”	Beijing Yuanli Education Technology Co., Ltd. (北京猿力教育科技有限公司), a limited liability company established under the laws of the PRC
“ZXL Family Trust”	the discretionary trust established by Mr. ZHANG Xiaolong as the settlor and the protector, with Ocorian Trust Company as the trustee, details of which are set out in “History, Reorganization and Corporate Structure” in the Prospectus
“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