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**Fenbi Ltd.**

**粉笔有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2469)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2025**

The board (the “**Board**”) of directors (the “**Directors**”) of Fenbi Ltd. (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2025 (the “**Reporting Period**”), together with the comparative figures for the year ended December 31, 2024.

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

### **RESULTS HIGHLIGHTS**

#### **Financial Results**

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Revenue	<b>2,676,628</b>	2,789,781
Gross profit	<b>1,433,129</b>	1,463,978
Profit for the year	<b>198,126</b>	239,570
Adjusted net profit (non-IFRS measure) <sup>Note</sup>	<b>281,152</b>	362,532

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

#### **Operating Results**

	<b>As of/for the year ended December 31, 2025</b>	As of/for the year ended December 31, 2024
Employees	<b>7,005</b>	7,177
Full-time instructors	<b>2,870</b>	3,026
Other staff	<b>4,135</b>	4,151
Average monthly active users	<b>9.1 million</b>	9.1 million

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	Year ended December 31,	
		2025	2024
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>	3	2,676,628	2,789,781
Cost of revenue	3, 6	<u>(1,243,499)</u>	<u>(1,325,803)</u>
<b>Gross profit</b>		<u>1,433,129</u>	<u>1,463,978</u>
Administrative expenses	6	(383,111)	(411,400)
Selling and marketing expenses	6	(643,989)	(630,874)
Research and development expenses	6	(244,637)	(221,129)
Net impairment losses on financial assets		(1,067)	(174)
Other income	4	16,956	22,152
Other gains, net	5	<u>11,521</u>	<u>4,658</u>
<b>Operating profit</b>		<u>188,802</u>	<u>227,211</u>
Finance income		37,257	39,693
Finance costs		<u>(3,935)</u>	<u>(4,865)</u>
Finance income, net	7	33,322	34,828
Share of net loss of investments accounted for using the equity method		(293)	–
<b>Profit before income tax</b>		221,831	262,039
Income tax expense	8	<u>(23,705)</u>	<u>(22,469)</u>
<b>Profit for the year</b>		<u>198,126</u>	<u>239,570</u>
<b>Profit attributable to :</b>			
– Owners of the Company		<u>198,126</u>	<u>239,570</u>
<b>Earnings per share for profit attributable to owners of the Company (RMB)</b>			
Basic earnings per share	9	0.09	0.11
Diluted earnings per share	9	0.09	0.11

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

## CONSOLIDATED BALANCE SHEET

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

## CONSOLIDATED BALANCE SHEET (Continued)

		As at December 31,	
	Notes	2025	2024
		RMB'000	RMB'000
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	11	149	148
Share premium	11	15,139,298	15,064,115
Other reserves		(9,911,403)	(9,752,966)
Accumulated losses		<u>(3,919,359)</u>	<u>(4,107,858)</u>
<b>Total equity</b>		<b><u>1,308,685</u></b>	<b><u>1,203,439</u></b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		34,027	40,859
Deferred income tax liabilities	13	8,985	9,912
Deferred income		<u>–</u>	<u>778</u>
<b>Total non-current liabilities</b>		<b><u>43,012</u></b>	<b><u>51,549</u></b>
<b>Current liabilities</b>			
Trade and other payables	12	182,215	232,682
Contract liabilities	3	131,071	140,363
Refund liabilities		137,605	173,515
Current income tax liabilities		15,225	25,657
Lease liabilities		<u>31,081</u>	<u>49,709</u>
<b>Total current liabilities</b>		<b><u>497,197</u></b>	<b><u>621,926</u></b>
<b>Total liabilities</b>		<b><u>540,209</u></b>	<b><u>673,475</u></b>
<b>Total equity and liabilities</b>		<b><u>1,848,894</u></b>	<b><u>1,876,914</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

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

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

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

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

The 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.

#### **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.

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

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

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

### **3 SEGMENT INFORMATION**

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

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

The Group's CODM has been identified as executive directors who considers the business from the service perspective.

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

As at December 31, 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.

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:

	<b>Year ended December 31, 2025</b>		
	<b>Tutoring services RMB'000</b>	<b>Sales of books and others RMB'000</b>	<b>Total RMB'000</b>
Segment revenue	<b>2,289,263</b>	<b>517,489</b>	<b>2,806,752</b>
Inter-segment revenue	<u>–</u>	<u>(130,124)</u>	<u>(130,124)</u>
Revenue from external customers	<u><b>2,289,263</b></u>	<u><b>387,365</b></u>	<u><b>2,676,628</b></u>
Cost of revenue (a)	<u><b>(983,558)</b></u>	<u><b>(259,941)</b></u>	<u><b>(1,243,499)</b></u>
Gross profit	<u><u><b>1,305,705</b></u></u>	<u><u><b>127,424</b></u></u>	<u><u><b>1,433,129</b></u></u>
	<b>Year ended December 31, 2024</b>		
	<b>Tutoring services RMB'000</b>	<b>Sales of books and others RMB'000</b>	<b>Total RMB'000</b>
Segment revenue	2,340,790	600,779	2,941,569
Inter-segment revenue	<u>–</u>	<u>(151,788)</u>	<u>(151,788)</u>
Revenue from external customers	<u>2,340,790</u>	<u>448,991</u>	<u>2,789,781</u>
Cost of revenue (a)	<u>(1,029,280)</u>	<u>(296,523)</u>	<u>(1,325,803)</u>
Gross profit	<u><u>1,311,510</u></u>	<u><u>152,468</u></u>	<u><u>1,463,978</u></u>

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

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

The reconciliation of gross profit to profit before income tax 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><i>RMB'000</i></b>	<i>RMB'000</i>
Contract assets relating to certain program	<b>10,787</b>	12,923
Loss allowance	<u>(115)</u>	<u>(117)</u>
Contract assets	<u><b>10,672</b></u>	<u>12,806</u>
Contract liabilities	<u><b>131,071</b></u>	<u>140,363</u>

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

	<b>As at December 31,</b>	
	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Contract liabilities	<u><b>129,924</b></u>	<u>127,388</u>

**(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.

**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.

**(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.

#### 4 OTHER INCOME

	Year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
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
	<u>16,956</u>	<u>22,152</u>

#### 5 OTHER GAINS, NET

	Year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
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
	<u>11,521</u>	<u>4,658</u>

- (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.

**6 EXPENSES BY NATURE**

	<b>Year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Employee benefit expenses	<b>1,373,157</b>	1,368,102
Cost of course materials	<b>207,425</b>	251,889
Human resource outsourcing and other labour costs	<b>203,249</b>	223,180
Promotion expenses	<b>114,294</b>	115,813
Depreciation of right-of-use assets	<b>53,695</b>	51,977
Logistic expenses	<b>53,168</b>	65,041
Lease expenses	<b>247,112</b>	247,590
Classroom consumables	<b>32,881</b>	30,019
Meal expenses provided to students	<b>13,161</b>	12,996
Travel expenses	<b>36,625</b>	35,982
Office expenses	<b>6,869</b>	6,371
Depreciation of property, plant and equipment	<b>17,179</b>	23,752
Amortisation for intangible assets	<b>653</b>	279
Services fee for cloud storage	<b>36,618</b>	21,750
Property management costs	<b>12,739</b>	12,690
Tax and surcharge	<b>10,846</b>	13,953
Auditor's remuneration		
– Audit and audit related services	<b>3,920</b>	4,450
– Non-audit services	<b>2,100</b>	1,021
Charges for licensed payment institutions	<b>13,804</b>	15,057
Others	<b>75,741</b>	87,294
	<b>2,515,236</b>	2,589,206

## 7 FINANCE INCOME, NET

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
<b>Finance income:</b>		
Interest income	37,257	39,499
Net foreign exchange gains	—	194
	<u>37,257</u>	<u>39,693</u>
<b>Finance costs:</b>		
Finance cost on lease liabilities	(3,530)	(4,865)
Net foreign exchange losses	(405)	—
	<u>(3,935)</u>	<u>(4,865)</u>
Finance income, net	<u>33,322</u>	<u>34,828</u>

## 8 INCOME TAX EXPENSE

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

### 8.1 Accounting policies of income tax expense

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

#### *Current income tax*

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

### ***Deferred income tax***

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

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

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

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

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

## **8.2 Financial information of income tax expense**

### ***(a) Income tax expense***

	<b>Year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Current income tax	<b>18,416</b>	11,656
Deferred income tax	<b>5,289</b>	10,813
Income tax expense	<b>23,705</b>	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.

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

		Year ended December 31,	
	Notes	2025	2024
		RMB'000	RMB'000
Profit before income tax		<u>221,831</u>	<u>262,039</u>
Tax expense calculated at applicable statutory tax rates	(i)	55,400	71,072
Preferential tax rates on income of certain subsidiaries		(27,090)	(16,606)
Expenses not deductible for taxation purposes		5,785	7,410
Temporary difference for which no deferred income tax was recognised		4,107	1,491
Tax losses for which no deferred tax asset was recognised		6,486	15,700
Previously unrecognised tax losses recouped to reduce current tax expense		(5,218)	(51,684)
Previously unrecognised tax losses that can be recognized in the year		(12,150)	–
Additional deduction of research and development expense	(ii)	(10,209)	(12,414)
Withholding tax on unremitted earnings of PRC subsidiaries		<u>6,594</u>	<u>7,500</u>
		<u><b>23,705</b></u>	<u><b>22,469</b></u>

- (i) Taxation has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.
- (ii) Certain subsidiaries of the Group in the PRC are entitled to additional deductions of research and development expense before income tax expense according to the applicable CIT Law. The Group accounts for these allowances as tax credits, which means that the allowance reduces current income tax liabilities and income tax expense.

## 9 EARNINGS PER SHARE

### 9.1 Accounting 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.

### 9.2 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)	<u>2,133,182</u>	<u>2,142,669</u>
Basic earnings per share (RMB)	<u>0.09</u>	<u>0.11</u>

(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)	2,133,182	2,142,669
Adjustments for:		
– Share options (thousands)	26,397	42,755
– RSUs (thousands)	20,483	9,978
Adjusted weighted average number of ordinary shares for diluted earnings per share (thousands)	<u>2,180,062</u>	<u>2,195,402</u>
Diluted earnings per share (RMB)	<u>0.09</u>	<u>0.11</u>

10 **TRADE RECEIVABLES**

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Trade receivables from contracts with customers		
– Third parties	26,624	20,904
– Related parties	506	–
Loss allowance	(283)	(275)
	<u>26,847</u>	<u>20,629</u>

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

- (b) The credit terms given to trade customers are determined on an individual basis with normal credit period mainly ranging from 30 to 60 days.

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

	<b>As at December 31,</b>	
	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
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><u>27,130</u></b>	<u>20,904</u>

- (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.

## 11 SHARE CAPITAL AND SHARE PREMIUM

### Company

	<b>Number of ordinary shares</b>	<b>Nominal value of ordinary shares <i>USD'000</i></b>
<b>Authorised:</b>		
<b>As at January 1, 2024, December 31, 2024 and December 31, 2025</b>	<b><u>5,000,000,000</u></b>	<b><u>50</u></b>

<b>Issued:</b>	<b>Number of ordinary shares <i>Thousands</i></b>	<b>Nominal value of ordinary shares <i>USD</i></b>	<b>Equivalent nominal value of ordinary shares <i>RMB'000</i></b>	<b>Share premium <i>RMB'000</i></b>	<b>Total share capital and share premium <i>RMB'000</i></b>
<b>As at January 1, 2024</b>	<u>2,281,381</u>	<u>22,814</u>	<u>150</u>	<u>15,104,233</u>	<u>15,104,383</u>
Employee share schemes – exercise of share incentive schemes	13,360	134	3	188,838	188,841
Cancellation of treasury shares	<u>(65,060)</u>	<u>(651)</u>	<u>(5)</u>	<u>(228,956)</u>	<u>(228,961)</u>
<b>As at December 31, 2024</b>	<u>2,229,681</u>	<u>22,297</u>	<u>148</u>	<u>15,064,115</u>	<u>15,064,263</u>
Employee share schemes – exercise of share incentive schemes	<u>7,954</u>	<u>80</u>	<u>1</u>	<u>75,183</u>	<u>75,184</u>
<b>As at December 31, 2025</b>	<u>2,237,635</u>	<u>22,377</u>	<u>149</u>	<u>15,139,298</u>	<u>15,139,447</u>

## 12 TRADE AND OTHER PAYABLES

	<b>As at December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Trade payables		
– Third parties	<b>28,791</b>	34,559
– Related parties	<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	<u><b>5,105</b></u>	<u>9,411</u>
	<u><b>182,215</b></u>	<u>232,682</u>

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

	<b>As at December 31,</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Within 1 year	<b>28,858</b>	34,378
More than 1 year	<b>191</b>	181
	<u><b>29,049</b></u>	<u>34,559</u>

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

### 13 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>	<u><b>48,677</b></u>	<u>58,185</u>
Set-off of deferred income tax liabilities pursuant to set-off provisions	<u><b>(15,923)</b></u>	<u>(19,215)</u>
Net deferred income tax assets	<u><b>32,754</b></u>	<u>38,970</u>
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>	<u><b>(24,908)</b></u>	<u>(29,127)</u>
Set-off of deferred income tax liabilities pursuant to set-off provisions	<u><b>15,923</b></u>	<u>19,215</u>
Net deferred income tax liabilities	<u><b>(8,985)</b></u>	<u>(9,912)</u>

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

<b>Deferred income tax assets</b>	<b>Tax losses</b> <i>RMB'000</i>	<b>Lease liabilities</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<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>	39,690	18,495	58,185
Charged to profit or loss	(4,707)	(4,801)	(9,508)
<b>As at December 31, 2025</b>	<u>34,983</u>	<u>13,694</u>	<u>48,677</u>

<b>Deferred income tax liabilities</b>	<b>Unrealised investment income</b> <i>RMB'000</i>	<b>Right-of-use assets</b> <i>RMB'000</i>	<b>Withholding tax</b> <i>RMB'000</i>	<b>Accelerated tax depreciation</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<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>	(18)	(19,080)	(7,500)	(2,529)	(29,127)
Credited to profit or loss	3	3,110	906	200	4,219
<b>As at December 31, 2025</b>	<u>(15)</u>	<u>(15,970)</u>	<u>(6,594)</u>	<u>(2,329)</u>	<u>(24,908)</u>

Note a:

Tax losses

	<b>As at December 31, 2025</b> <i>RMB'000</i>	<b>2024</b> <i>RMB'000</i>
Unused tax losses for which no deferred income tax asset has been recognised	<u>332,022</u>	<u>395,264</u>

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.

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

	<b>As at December 31,</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	<b>RMB'000</b>
Year ending		
– 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
	<hr/> <hr/>	<hr/> <hr/>

*Note i:*

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

#### **14 DIVIDENDS**

The Board did not propose a final dividend during the year ended December 31, 2025 (2024: nil).

#### **15 SUBSEQUENT EVENTS**

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### ***BUSINESS OVERVIEW***

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

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

- Online learning products. Online learning products include membership packages and challenge exercises. We offer members access to exam notes and 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.
- 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 omnichannels 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.

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 the Company’s 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 the Company’s 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.

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.

	<b>Year ended December 31,</b>			
	<b>2025</b>		<b>2024</b>	
	<b><i>RMB'000</i></b>	<b>%</b>	<b><i>RMB'000</i></b>	<b>%</b>
<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><u>2,676,628</u></b>	<b><u>100.0</u></b>	<b><u>2,789,781</u></b>	<b><u>100.0</u></b>

- *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.

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

- *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.

### **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.

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

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

### **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.

## 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 <i>RMB'000</i>	% 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 announcement	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 announcement	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

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 <i>RMB'000</i>	% of the Group's total assets as at year end date	Credit Rating	Regulated Financial Institution
	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 announcement	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
				<u>132,096</u>	<u>7.1%</u>		

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 the Company's 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.

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.

The Company made significant acquisitions of short-term notes in order to improve the efficiency of the Company's 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 announcement 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.

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.

### **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.

	<u>Year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
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><u>869,141</u></b>	<b><u>945,953</u></b>

### **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.

### **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 announcement, 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).

## **Principal Risks and Uncertainties**

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

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

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

### *Seasonality*

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

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

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

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

### *Change in Service Offering Mix*

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

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

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

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

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

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

#### *Our Technology and Infrastructure*

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

## Key financial indicators

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

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

(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.

## OTHER INFORMATION

### Use of Proceeds from the Global Offering

The ordinary shares of the Company (the “**Shares**”) were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on January 9, 2023 (the “**Listing Date**”), whereby 20,000,000 new Shares were issued at the offer price of HK\$9.90 each by the Company. The net proceeds from the global offering of the Company (the “**Global Offering**”) received by the Company, after deduction of the underwriting fees and other related expenses payable by the Company, was approximately HK\$113.2 million (the “**Net Proceeds**”).

On August 13, 2025, the Company announced to 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:

	Net Proceeds from the Global Offering as of the Listing Date <i>Amount</i> <i>HK\$ million</i>	Unutilized Net Proceeds as of January 1, 2025 <i>Amount</i> <i>HK\$ million</i>	Allocation of the Unutilized Net Proceeds <i>Amount</i> <i>HK\$ million</i>	Utilized Net Proceeds during the Reporting Period <i>Amount</i> <i>HK\$ million</i>	Unutilized Net Proceeds as of December 31, 2025 <i>Amount</i> <i>HK\$ million</i>
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)	–	–

	<b>Net Proceeds from the Global Offering as of the Listing Date <i>Amount</i> <i>HK\$ million</i></b>	<b>Unutilized Net Proceeds as of January 1, 2025 <i>Amount</i> <i>HK\$ million</i></b>	<b>Allocation of the Unutilized Net Proceeds <i>Amount</i> <i>HK\$ million</i></b>	<b>Utilized Net Proceeds during the Reporting Period <i>Amount</i> <i>HK\$ million</i></b>	<b>Unutilized Net Proceeds as of December 31, 2025 <i>Amount</i> <i>HK\$ million</i></b>
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>	<u>113.2</u>	<u>60.8</u>	<u>–</u>	<u>(42.9)</u>	<u>17.9</u>

## Employees

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 “**Pre-IPO Share Option Scheme**”), the 2023 restricted share unit scheme (the “**2023 Restricted Share Unit Scheme**”) and the 2023 share option scheme to provide equity incentive to the Group’s employees, directors and senior management.

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

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

During the Reporting Period, the Company repurchased a total of 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:

<b>Month of repurchase</b>	<b>Number of Shares repurchased</b>	<b>Highest repurchase price per Share (HK\$)</b>	<b>Lowest repurchase price per Share (HK\$)</b>	<b>Total consideration (HK\$’000)</b>
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>	<b><u>30,557,000</u></b>			<b><u>94,405</u></b>

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 Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”)).

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

### **Sufficiency of Public Float**

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

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

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

The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the “**CG Code**”) under Part 2 of Appendix C1 to the Listing Rules as its own code of corporate governance.

During the Reporting Period, the Company has complied with all the applicable code provisions under the CG Code with the exception of code provision C.2.1, which requires the roles of chairman and chief executive to be held by different individuals.

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

## **Compliance with the Model Code for Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors.

Having made specific enquiries of all Directors, each of the Directors has confirmed that he or she has complied with the requirements as set out in the Model Code during the Reporting Period.

## **Final Dividend**

The Board has resolved not to recommend payment of any final dividend for the Reporting Period (2024: Nil).

## **Annual General Meeting (the “AGM”)**

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**

The record date for determining the entitlement of the Shareholders to attend and vote at the AGM will be Friday, June 26, 2026. For determining the entitlement of Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, June 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, Wanchai, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Monday, June 22, 2026.

## **Review of Annual Results**

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

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

## **Scope of Work of the Auditor**

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

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

## **Events after the Reporting Period**

On January 9, 2026, Mr. WU Zhenggao (吳正杲) 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. Save for the aforementioned, there has been no other significant event since the end of the Reporting Period and up to the date of this announcement that is required to be disclosed by the Company.

## **PUBLICATION OF 2025 ANNUAL RESULTS ANNOUNCEMENT AND 2025 ANNUAL REPORT**

This announcement is 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)). The annual report of the Company for the Reporting Period will be dispatched (if requested) to the Shareholders and published on the aforesaid websites in due course.

## **APPRECIATION**

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

By order of the Board  
**Fenbi Ltd.**  
**ZHANG Xiaolong**  
*Chairman*

Hong Kong, March 31, 2026

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