



OFFCN EDUCATION TECHNOLOGY CO., LTD.

2020 Annual Report

Stock Code: 002607

Stock Abbr.: OFFCN EDU

April, 2021

Chapter I. Important Information, Table of Contents and Definitions

The Company's Board of Directors, Supervisory Committee, directors, supervisors, and senior management hereby guarantee that the contents of the annual report are true, accurate, and complete, and that there are no misrepresentations, misleading statements, or material omissions, and shall assume individual and joint legal liabilities.

Wang Zhendong, the Company's legal representative, Shi Lei, head in charge of accounting and Luo Xue, head of the accounting department (Accounting supervisor), declare that they warrant the truthfulness, accuracy and completeness of the financial report in the annual report.

All directors attended the board meeting for reviewing this report.

The forward-looking statements on future plans and development strategies involved in this report do not constitute a substantial commitment to investors. The possible risks have been detailed in Section IX "Forecast of the Company's Future Development" of Chapter IV "Discussion and Analysis of Corporate Operating" of this report. Please pay attention to the potential investment risks.

According to the arrangement of the major assets restructuring in 2018, the net profits attributable to shareholders of the parent company after deducting non-recurring profits and losses from the restructuring counterparty, Beijing Offcn Education Technology Co., Ltd., shall be no less than RMB 930.00 million, RMB 1.30 billion and RMB 1.65 billion in years of 2018, 2019 and 2020 respectively. Beijing Offcn Education Technology Co., Ltd. has achieved the net profits after deducting non-recurring profits and losses amounted to RMB 1.12 billion, RMB 1.72 billion and RMB 1.90 billion in 2018, 2019 and 2020 respectively. The three-year performance commitment has been fulfilled with a completion rate of 122.28%.

The Company plans not to distribute cash dividends, bonus shares, nor to increase share capital by converting capital reserve.

The Company's 2020 annual report is prepared and published in Chinese version, and the English version is for reference only. Should there be any inconsistency between the Chinese version and English version, the Chinese version shall prevail.

Contents

Chapter I. Important Information, Table of Contents and Definitions.....	1
Chapter II. Corporate Profile & Key Financial Indicators.....	5
Chapter III. Business Overview.....	10
Chapter IV. Discussion and Analysis of Corporate Operating.....	18
Chapter V. Significant Events.....	40
Chapter VI. Share Changes and Shareholders.....	73
Chapter VII. Preferred Stock.....	81
Chapter VIII. Convertible Corporate Bonds.....	82
Chapter IX. Directors, Supervisors, Senior Management and Employees.....	83
Chapter X. Corporate Governance.....	94
Chapter XI. Corporate Bonds.....	103
Chapter XII. Financial Statements.....	104
Chapter XIII. Documents Available for Reference.....	257

Definitions

Term(s)	Definition
The listed Company, The Company, Offcn Edu	Offcn Education Technology Co., Ltd.
The Counterparty, Li Yongxin and other 10 Counterparties, All Shareholders of Offcn Ltd.	Lu Zhongfang, Li Yongxin, Wang Zhendong, Aerospace Industry, Guangyin Venture, Kerui Technology Innovation, Guo Shihong, Liu Bin, Zhang Yongsheng, Yang Shaofeng, Zhang Zhi'an
This major assets restructuring, This transaction, This restructuring	Base on the assessment, Yaxia Auto takes all assets and liabilities other than retained assets as the exchange-out assets to swap the equivalent portion of 100% equity of Offcn which held by Li Yongxin and other 10 counterparties, and the swapping deficiency is settled by issuance of Yaxia Auto shares according to the proportion of shareholding. At the same time, Yaxia Industrial transfers 80,000,000 and 72,696,561 Yaxia Auto shares to Offcn Partnership and Li Yongxin respectively. All shareholders of Offcn entrust Yaxia Auto to directly deliver the exchange-out assets to Yaxia Industrial or its designated third party as the consideration for the transfer of 80,000,000 shares to Offcn Partnership, and Li Yongxin offers RMB1 billion in cash as the consideration for the transfer of 72,696,561 shares.
Aerospace Industry	Beijing Aerospace Industry Investment Fund (Limited Partnership)
Guangyin Venture	Beijing Guangyin Venture Capital Center (Limited Partnership)
Kerui Technology Innovation	Beijing Kerui Technology Innovation Investment Center (Limited Partnership)
Offcn Partnership	Beijing Offcn Future Information Consulting Center (Limited Partnership), established by all shareholders of Offcn Ltd. in accordance with the shareholdings ratio, which is used to undertake 80,000,000 shares of the listed Company transferred by Yaxia Industrial.
Offcn Online	Beijing Offcn Online Education Technology Co., Ltd.
Performance Compensation Obligor, Performance Commitment Person	Lu Zhongfang, Li Yongxin, Wang Zhendong, Guo Shihong, Liu Bin, Zhang Yongsheng, Yang Shaofeng, Zhang Zhi'an
Committed net profit	Committed net profit attributable to shareholders of the parent company after deducting non-recurring profits and losses under the consolidated statement of any of the three fiscal years of Offcn Edu.
Actual net profits	The actual net profits attributable to shareholders of the parent company after deducting non-recurring profits and losses under the consolidated statements of any of the three fiscal years of Offcn Edu.
Net profits after deducting non-recurring profits and losses	The net profits attributable to the owner of the parent company after deducting non-recurring profits and losses under the consolidated statement.
Offcn Ltd. Predecessor of Beijing Offcn Beijing Offcn	Beijing Offcn Education Technology Co., Ltd. (predecessor: Beijing Offcn Education Technology Stock Co., Ltd.)
<i>Profit Forecast Compensation</i>	<i>Profit Forecast Compensation Agreement</i> signed by Yaxia Auto and Lu Zhongfang, Li

Term(s)	Definition
<i>Agreement</i>	Yongxin, Wang Zhendong, Guo Shihong, Liu Bin, Zhang Yongsheng, Yang Shaofeng, Zhang Zhi'an.
CSRC	China Securities Regulatory Commission
<i>Company Law</i>	<i>Company Law of the People's Republic of China</i>
<i>Securities Law</i>	<i>Securities Law of the People's Republic of China</i>
Articles of Corporation	Articles of Corporation of Offcn Education Technology Co., Ltd.
Yuan, 10 thousand yuan, 100 million yuan	RMB yuan, RMB 10 thousand yuan, RMB 100 million yuan

Chapter II. Corporate Profile & Key Financial Indicators

Section I. Corporate profile

Stock Abbreviation	OFFCN EDU	Stock Code	002607
Changed Stock Abbreviation (if any)	/		
Listed Stock Exchange	Shenzhen Stock Exchange		
Chinese Name of the Company	中公教育科技有限公司		
Chinese Name Abbreviation of the Company	中公教育		
English Name of the Company (if any)	Offcn Education Technology Co., Ltd.		
English Name Abbreviation of the Company (if any)	OFFCN EDU		
Legal Representative of the Company	Wang Zhendong		
Registered Address	Yaxia Automobile City, Yijiang North Road, Jiujiang District, Wuhu City, Anhui Province		
Zip Code of Registered Address	241000		
Office Address	Block B, Hanhua Century Mansion, No.23 Xueqing Road, Haidian District, Beijing		
Zip Code of Office Address	100089		
Company Website	http://www.offcn.com		
E-mail	ir@offcn.com		

Section II. Contact information

	Board Secretary	Securities Affairs Representative
Name	Gui Hongzhi	Gu Pan
Address	Block B, Hanhua Century Mansion, No.23 Xueqing Road, Haidian District, Beijing	Block B, Hanhua Century Mansion, No.23 Xueqing Road, Haidian District, Beijing
Tel.	010-83433677	010-83433677
Fax	010-83433666	010-83433666
E-mail	ir@offcn.com	ir@offcn.com

Section III. Information disclosure and location of Annual Report

Company's Designated Information Disclosure Media	<i>Securities Times, Shanghai Securities News and China Securities Journal</i>
Website Designated by the China Securities Regulatory Commission for Publishing the Annual Report	http://www.cninfo.com.cn
Place Where the Annual Report is Available for Inspection	Office of Secretary of the Board

Section IV. Registration Changes

Organization Code	91340200711040703A
Changes in Main Business Since the Company's Listing (if any)	None
Change of Previous Controlling Shareholders (if any)	None

Section V. Other relevant information

Accounting firm hired by the Company

Accounting Firm Name	Baker Tilly China Certified Public Accountants (LLP)
Office Address of the Accounting Firm	No.12 Building, Foreign Cultural and Creative Garden, No.19 Chegongzhuang West Road, Haidian District, Beijing, China
Signing Accountants' Names	Zhou Baiming, Shen Xu

Sponsor institution engaged by the Company to perform continuous supervision duties during the reporting period

Applicable Not applicable

Financial adviser engaged by the Company to perform continuous supervision duties during the reporting period

Applicable Not applicable

Financial Advisor	Office Address	Financial advisor sponsor	Continuous Supervision Period
Huatai Securities Co., Ltd.	26th Floor, CTS Building, NO.4011 Shennan Avenue, Futian District, Shenzhen, Guangdong, China	Cui Binbin, Cui Li	Nov. 28, 2018 - Dec.31, 2021

Section VI. Key Accounting Information and Financial Indicators

Whether the Company needs to adjust its financial information retrospectively or restate its previous year accounting information

Yes No

	Year 2020	Year 2019	Increase/Decrease over the previous year	Year 2018
Operating income (RMB)	11,202,494,295.04	9,176,129,995.89	22.08%	6,236,987,812.57
Net profit attributable to shareholders of the listed Company (RMB)	2,304,357,742.74	1,804,548,688.01	27.70%	1,152,887,416.22
Net profit after deducting non-recurring profits and losses attributable to shareholders of the listed Company (RMB)	1,867,289,479.85	1,700,369,663.16	9.82%	1,112,879,085.16
Net cash flow from operating activities (RMB)	4,882,469,101.91	2,473,986,085.19	97.35%	1,407,946,376.93
Basic earnings per share (RMB/share)	0.37	0.29	27.59%	0.22
Diluted earnings per share (RMB/share)	0.37	0.29	27.59%	0.22
Weighted average return on net assets	66.15%	60.71%	5.44%	71.89%
	Year End 2020	Year End 2019	Increase/Decrease Over Previous Year End	Year End 2018
Total assets (RMB)	14,418,850,027.27	9,960,705,427.94	44.76%	7,202,071,521.23
Net assets attributable to shareholders of the listed Company (RMB)	4,275,127,793.20	3,431,545,903.82	24.58%	2,953,951,905.00

The lower of the net profit of the Company before and after deduction of non-recurring profits and losses for the most recent three financial years is negative, and the audit report of the most recent year shows that there are uncertainties on the Company's ability to continue operations

Yes No

The lower of the net profit before and after non-recurring profits and losses is negative

Yes No

Section VII. Differences in accounting data under domestic and overseas accounting standards

1. Differences between net profits and net assets disclosed in the financial reports in accordance with Chinese accounting standards and international accounting standards

Applicable Not applicable

There is no difference between the net profits and net assets disclosed in accordance with Chinese accounting standards and those disclosed in accordance with international accounting standards in the reporting period.

2. Differences between net profits and net assets disclosed in the financial reports in accordance with Chinese accounting standards and overseas accounting standards

Applicable Not applicable

There is no difference between the net profits and net assets disclosed in accordance with Chinese accounting standards and those disclosed in accordance with overseas accounting standards in the reporting period.

Section VIII. Quarterly Key Financial Indicators

Unit: RMB

	The First Quarter	The Second Quarter	The Third Quarter	The Fourth Quarter
Operating income	1,230,102,270.48	1,577,878,210.12	4,630,989,349.21	3,763,524,465.23
Net profit attributable to shareholders of the listed Company	116,303,799.91	-349,330,445.07	1,553,920,155.49	983,464,232.41
Net profit after deducting non-recurring profits and losses attributable to shareholders of the listed Company	77,685,654.82	-445,228,037.65	1,445,848,093.32	788,983,769.36
Net cash flow from operating activities	2,564,218,312.85	1,499,457,191.34	2,654,154,595.86	-1,835,360,998.14

Do the above financial indicators or their total differ significantly from those disclosed in the Company's quarterly and semi-annual reports?

Yes No

Section IX. Non-Recurring Profits and Losses

Applicable Not applicable

Unit: RMB

Item	Year 2020	Year 2019	Year 2018	Note
Profits or losses on disposal of non-current assets (including offsetting amount for the provision of impairment of assets)	162,043.59	182,904.69	2,424,436.19	
Government subsidies included in the current profits and losses (except for government subsidies closely related to the business of the enterprise that are fixed or quantified in accordance with national unified standards)	20,128,697.09	472,098.91		
Capital occupation fees charged to non-financial enterprises included in the current profits and losses	13,192,187.13			
Profits or losses from entrusting others to invest or manage assets	180,223,310.57	184,130,073.02	105,926,458.77	

Profits or losses on changes in fair value arising from the possession of transactional financial assets, derivative financial assets, transactional financial liabilities, and derivative financial liabilities; and the investment income from the disposal of transactional financial assets, derivative financial assets, transactional financial liabilities, derivative financial liabilities and other debt investments except the effective hedging business related to the Company's normal business operations	20,984,385.76	1,712,787.50		
Custody income from entrusted operations	226,415.09	411,320.75	2,697,559.29	
Other non-operating income and expenses except for the items above	-629,138.85	-1,341,412.25	-489,475.49	
Other profits or losses items that meet the definition of non-recurring profits and losses	280,283,117.41	-53,800,000.00	-53,800,000.00	
Less: Impact on income tax	76,183,536.19	27,588,747.77	16,750,647.70	
Impact on minority shareholders' equity (after tax)	1,319,218.71			
Total	437,068,262.89	104,179,024.85	40,008,331.06	--

Provide explanations for classifying items of non-recurring profits or losses defined or listed in *the Explanatory Announcement No. 1 for Information Disclosures of the Company Issuing Securities Publicly — Non-recurring Profits and Losses* as items of recurring profits or losses.

Applicable Not applicable

The Company has not classified non-recurring profits or losses items defined or listed in *the Explanatory Announcement No. 1 for Information Disclosures of the Company Issuing Securities Publicly — Non-recurring profits and losses* as recurring profit or loss items in the reporting period.

Chapter III. Business Overview

Section I. The Company's main business during the reporting period

1. The main business, products and business model of the Company during the reporting period

Offcn Education is a leading full-category vocational education institution in China, and it is also the pioneer and leader in the field of public service recruitment examination training. The Company bravely undertakes the mission of the times, continues to create new markets, and serves the society with kindness and altruism.

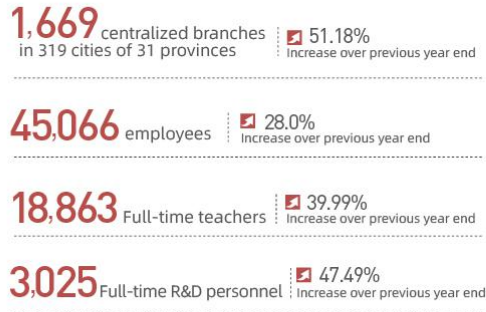
For hundreds of millions of knowledge-based people, the Company's main business covers three major sectors including training for public service recruitment examination, college and high institution enrollment examination and vocational ability enhancement, and it provides more than 100 categories of comprehensive vocational training services. The Company has more than 1,600 outlets across the country, covering more than 300 prefecture-level cities, and is rapidly expanding into thousands of counties and universities.

Offcn Education mainly serves knowledge-based employment population including college students, university graduates, and various professionals, aged 18 to 45. This huge group of hundreds of millions of people is spread throughout the country, cities and towns at all levels and in all walks of life. Employment and vocational ability improvement are their two core demands.

Vocational ability determines labor productivity which is the key to China's success in overcoming the "middle income trap". And employment is not only a barometer of economic growth, but also a fulcrum of the entire vocational education. It is also the ultimate arena for vocational education institutions.

For this reason, the vocational education institutions that can get closer to the employment needs in the largest scope and to the greatest extent can get more opportunities to turn the flywheel of multi-category growth and can become a dominator in the overall vocational education field.

After a long term exploration and accumulation, Offcn Education has owned a large-scale full-time R&D team of more than 3,000 people, a large-scale teaching team of more than 18,000 teachers, and a staff of more than 45,000 people. Relying on outstanding team execution and nationwide vertical integrated fast response capability, the Company has developed into an innovation-driven high-growth enterprise platform.



2. Overview of the industry and business environment in 2020

(1) Greater progress has been made in education equity, and the “14th Five-Year Plan” has established new targets for investment in public services such as education and medical care.

After the NPC&CPPCC Annual Sessions, the reform of high school entrance examination featured by key high schools admission quotas for graduates from non-key middle schools has been carried out across the country. It is another significant measure for education equality following the previous reforms of multi-school division in one neighbourhood, equal recruitment from public and private schools, and randomized enrollment in the field of primary and middle school enrollments. With the return of basic education to its nature of public products, this round of reforms will greatly promote the expansion of teacher recruitment and teacher qualification certificate examinations.

The “14th Five-Year Plan” requires education equality and quality to be greatly improved, higher education to be popularized, and more than 60 million new jobs to be created in cities and towns. In addition, 20,000 kindergartens will be built, renovated and expanded in order to increase enrollments by over 4 million for ordinary families. And more than 4,000 primary and secondary schools will be newly built, renovated and expanded.

In terms of medical and health care, on the one hand, it is necessary to expand disease prevention and control bases and build national and regional medical centers. On the other hand, it is necessary to strive to upgrade 500 county-level hospitals to meet the facilities and service capabilities of top-tier hospitals.

In terms of elderly care services, 500 districts and counties will be supported in building a model community home elderly care service network, about 300 training and convalescent institutions will be supported in transformation into inclusive elderly care institutions, and more nursing beds will be provided for about 1,000 public elderly care institutions.

In terms of childcare services, 150 cities will be supported to develop childcare services with social resource, and more than 500,000 exemplary inclusive childcare enrollments will be added.

In summary, the “14th Five-Year Plan” will further accelerate investment in public services and further quantify the indicators, which will strongly promote the sustainable growth of the recruitment sectors, especially teachers, medical and community services.

(2) The pandemic has accelerated the elimination of industries, and large leading companies have further promoted the demand growth.

For a long time, the vocational education industry has been filled with small and scattered companies and the market competition is in chaos. On the one hand, the supply of cost-effective and high-quality education products is severely insufficient, which depresses demand, but on the other hand, there is a serious excess of homogenized production capacity and cutthroat competition is widespread. Only large enterprises can break through the difficulties and obstacles caused by the extreme fragmentation of the market. Through sufficient investment in core business such as teaching and research, channels, and management, brand-new and cost-effective products can be created, and huge potential demand can be dug out. By expanding business into various sectors and pushing each sector forward, a vocational education market field valued of tens of billions can be created.

(3) Main industry characteristics and cyclical characteristics

The industry of vocational education distributes vastly all over the country and demonstrates a significant long-tail effect. Different from both the K12 tutoring industry and English language training industry which are concentrated in big cities, the demand of vocational education distributes vastly in every province and every city, especially in the prefecture-level cities and the counties. Almost every county has a vocational high school, and every prefecture-level city has vocational colleges. The recruitment demand of public employers from prefecture-level cities and counties also occupies a large proportion, which stimulates lots of local small training institutions to get into the market and provides a wide space for the large scale players to expand their network of channels. Meanwhile, the nation-wide operation adds more difficulties to management on one hand, and lifts the

barriers to competition on the other hand.

The training for public services recruitment test is seasonal. For students, the 1-2 years before or after graduation are the key period to take training classes for the recruitment tests.

The national civil servant test takes place once a year, and the provincial examinations for each province are basically once a year. Many provincial examinations take place in the first half of the year, while quite a few provinces choose to recruit civil servants in the second half. The recruitment of public institution employees and teachers are carried out according to the needs of the provinces and cities, which are evenly distributed in each month throughout the year. The documents of recruitment plan are of a great amount and the number of exams amounts to tens of thousands.

This seasonal fluctuation of recruitment has caused major growth bottlenecks for small and medium-sized training companies and has also provided large institutes with continuous motivation to constantly challenge the scale boundary. With the rapid increase in examination categories and business sectors, large enterprises will increasingly enjoy the results of scale effects and obtain a more sound resource allocation structure. In recent years, the momentum of recruitment examinations has switched to new areas such as public institutions, teachers and comprehensive recruitment, bringing the rapid concentration of market share into leading enterprises.

Section II. Major changes in key assets

1. Major changes in key assets

Key assets	Description on major changes
Equity assets	No major changes
Fixed assets	It is mainly due to the increase in houses and buildings
Intangible assets	It is mainly due to the increase in land use rights
Construction in progress	It is mainly due to the conversion of engineering projects to fixed assets
Monetary funds	It is mainly due to the increase in received payments within this period and the redemption of financial products at due date
Transactional financial assets	It is mainly due to the redemption of financial products at due date
Accounts Receivable	It is mainly due to the increase in rent receivable
Other current assets	It is mainly due to the increase in prepaid rent and property expenses
Bond investments	It is mainly due to the adjustment of fixed deposit and interest due within one year to non-current assets due within one year
Non-current assets due within one year	It is mainly due to the adjustment of fixed deposit and interest due within one year to non-current assets due within one year

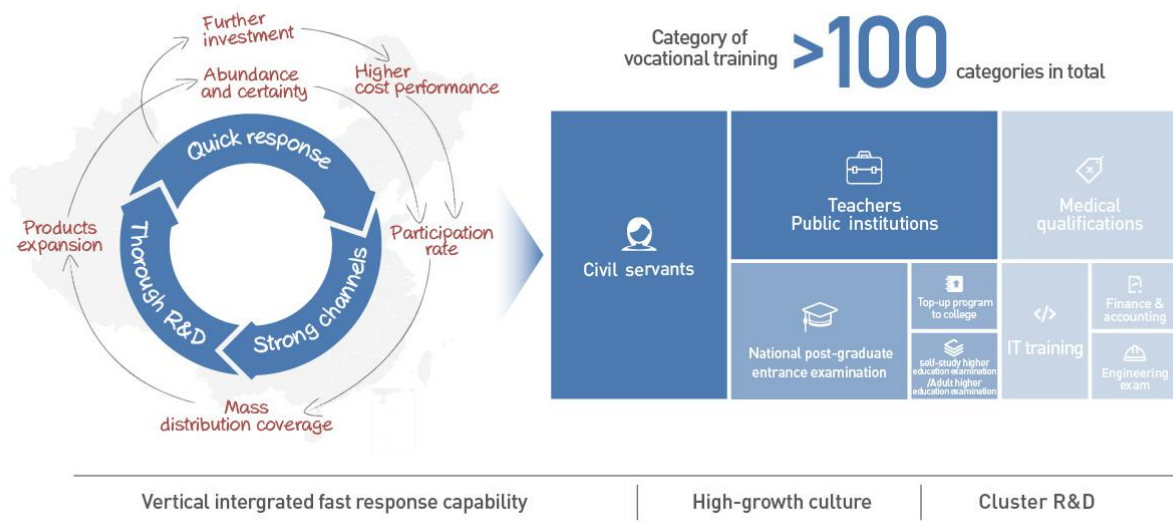
Other non-current financial assets	It is mainly due to the increase in financial products that have not yet due at the end of the period and have a maturity period of more than one year
Long-term prepaid expenses	It is mainly due to the renovation cost of the new bases.
Other non-current assets	It is mainly due to the land purchase and equity acquisition

2. Key overseas assets

Applicable Not applicable

Section III. Analysis of the Company's core competitiveness

The Company's core competitiveness is based on the formation of an enterprise platform which empowers rapid growth driven by the vertical integrated fast response capability. The key driving factors are as follows:



1. Outstanding execution fosters the fast-growth culture

The team built the Company with outstanding execution, and fostered the Company's fast-growth culture through a long period of endeavoring to grow in adversity and persistently pursuing to break the growth boundary. With this kind of culture, the team always maintains the firm will and belief to create the future, invests audaciously, achieves economies of scale in a highly fragmented and regionally isolated market, strives to be closer to the optimal output, captures opportunities, and confronts fluctuations. With constant self-revolution of creative destruction, the team can always create new markets in inconspicuous places, making sustained rapid growth possible.

2. Clustered professional R&D output continuously increases the momentum for innovation

At the beginning of the career, the Company took the lead in carrying out full-time and professional R&D, based

on which it created a brand-new market. Over the past decade, the Company has fostered an expert team with rich practical experience of R&D and R&D management through front-line teaching practice and adaption to market upgrading. Under the joint lead of the founding team and the expert team, a full-time R&D team of more than 3,000 people has formed. With the expansion of categories and the involvement of different sectors, the Company manages to refine the labor of R&D professionals constantly under the scale effect, and the R&D cluster effect of collaboration between business sectors is achieved, which greatly improves the efficiency of R&D, especially the graft efficiency of existing R&D resources for new categories and new businesses.

3. Vertical integrated fast response capability supports the corporate structure and working efficiency for sustained and high growth

The high operation efficiency far beyond the general industries is a necessity to realize scale economy and establish competitive barrier in the decentralized market. Therefore, the Company develops a vertical integrated rapid response system and capability to best adapt to this kind of market environment. In each exam, “Business outlet — Headquarters command center — Teaching sites” communicate and collaborate closely with high frequency every day, so as to maintain the operation management and learning outcomes at a level far above the average.

Vertical integrated corporate structure can not only realize the high efficiency of operation, but also be effectively compatible with the management impact brought by high growth and rapid business category expansion. Therefore, investment in and innovation on this corporate structure has always been a central part of the management reform. At present, the Company has established more than 1,600 business outlets covering 300 prefecture-level cities with constantly accelerating expansion. Simultaneously, the headquarters command center continues to seek the scale effect of management with the help of management reform and digital operation. In recent years, the Company also has been continuously investing in the construction of large-scale one-stop bases for food, housing and learning to provide the teachers and students with one-stop best experience on the teaching sites.

4. “The flywheel effect of multi-categories growth” magnifies the Company’s growth prospects step by step

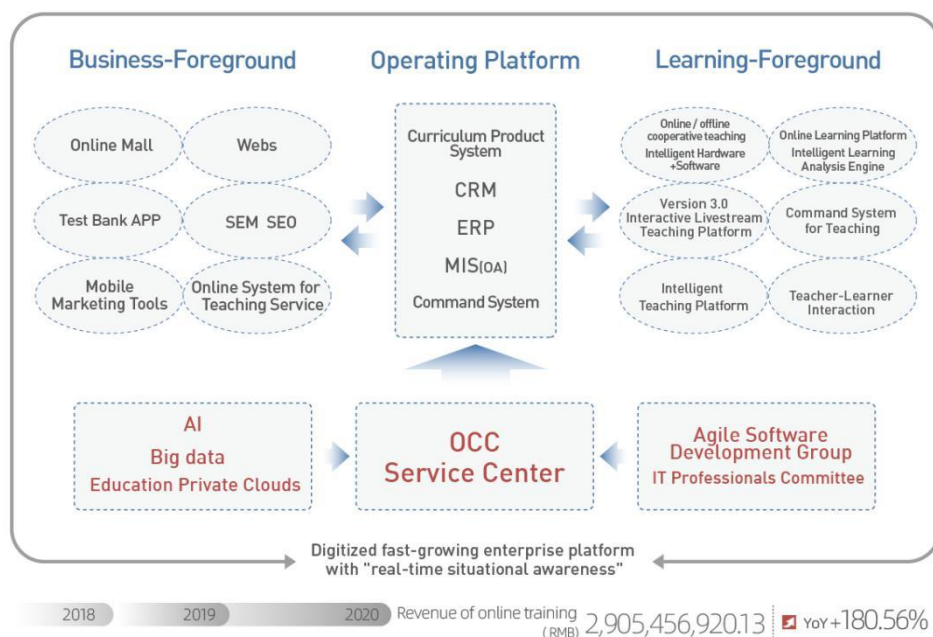
Investment capacities between multi-categories gets accumulated and superposed. The flywheel effect of multi-categories growth constantly increases. The development of new and old categories mutually amplifies investment adequacy. Together a stronger ability of operating infrastructure is jointly promoted .

The main business of the Company, whose customers include hundreds of millions of knowledge-based labor population aged between 18 and 45 across the country, spans three sectors of training for public service recruitment examination, college and high institution enrollment examination, and vocational ability enhancement. to provide comprehensive vocational training services covering more than 100 categories.

At present, the flywheel effect of growth has expanded to involve the three sectors and magnified the Company’s growth prospects step by step. The sector of training for college and high institution enrollment examination will become an important impetus for growth in 3 to 5 years while the sector of training for vocational ability enhancement will become the largest and the most significant contributor to the growth of the Company in 5 to 10 years.

5. Digital operation forms the enterprise platform with “real-time situational awareness”

The team’s exploration for digital operation has lasted for more than 15 years, and in recent years, the investment for digital operation infrastructure has increased significantly. One reason is to meet the management needs for fast growth and rapid expansion of categories. The other reason lies in the great adaptability of vertical integrated fast response system to the digitization. After the system was integrated with the digitization in depth, it generated higher operating efficiency and significantly improved the frontline and background response frequency from units of days to a level close to “real-time situational awareness”, which greatly enhanced the Company’s core competitiveness based on speed economy.



6. The values of OFFCN EDU: kindness and altruism exists everywhere and continues to flourish

As a knowledge-based staff-intensive vocational education institution, the Company has established a concise and effective corporate culture in the long journey of arduous entrepreneurship, with the core value of “Be Good & Do Right” and advocating altruism. Not only has it become a company system, but also the founding team has taken the lead to set an example, driven it step by step, and unswervingly implemented it in the operation, making the values of OFFCN EDU ubiquitous and endless in the enterprise. This distinctive and tangible corporate culture allows the Company to maintain strong organizational cohesion in high growth.

7. OFFCN EDU strives to enhance the development of the organizaion of CPC, which in turn promotes the healthy and vigorous development of the Company

From the establishment of the CPC committee in 2018 to the establishment of the first CPC school of non-state-owned enterprise in 2019, the Party committee of OFFCN EDU has fully utilized the Company’s advantages of knowledge, theory and technology and actively promotes and implements the Party’s political routes, principles, and policies to its employees and students. Meanwhile, OFFCN EDU focuses on the integration of the Party’s development in non-state-owned enterprise with corporate culture cultivation, to promote the healthy and vigorous development of the enterprise.

As of December 31, 2020, the Company had 9,236 Party members, accounting for more than one-fifth of the total number of employees.

Chapter IV. Discussion and Analysis of Corporate Operating

Section I. Overview

2020 is a turbulent year. The sudden outbreak of Covid-19 has severely disrupted and adversely affected the business of the whole year. After arduous efforts, the Company has maintained steady development and continued to maintain its market leadership and potential for expansion.

Over the past three years, despite the institutional reforms and the pandemic, the Company has achieved steady growth in performance and business scale, systematically improved the comprehensive service level for students, and continued to maintain its leading edge in the industry. With the continuous expansion of business scale, the Company seized the opportunity to fully invest in and upgrade human resources management, outlets channels and teaching facilities. Abundant forward-looking investments were specially made for new types of recruitment, postgraduate entrance examination, college and high institution enrollment examination, vocational ability training and other key new businesses. The output effect from investments in these core business resources will become an important support for the next stage of development.

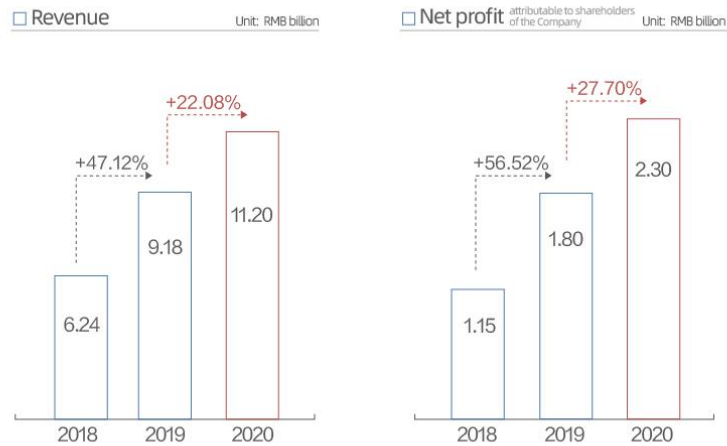
1. Though the pandemic strongly disturbs the pace of recruitment, the Company, with prominent execution ability, overcomes difficulties with steady development.

In early 2020, the market fluctuation caused by government institutional reform came to end and the recruitment demands rebounded again. But the sudden outbreak of Covid-19 strongly disturbed the rhythm of recruitment. Specifically, on the one hand, the recruitment in the first half of the year was almost frozen, and the daily operation and teaching could not proceed normally; on the other hand, the civil servant joint examination was postponed to the third quarter, which seriously squeezed the preparation time for recruitment and enrollment examinations of other sectors, resulting in a substantial shrink in recruitment of teachers and medical workers. And the recruitment and examination preparation for public institutions category and etc., were also disturbed.

With strong corporate platform capabilities and prominent team execution, the Company's performance has maintained steady and rapid growth. During the reporting period, the Company achieved a total operating income of RMB 11,202,494,295.04, an increase of 22.08% on year-on-year basis; net profit attributable to shareholders of the listed Company was RMB 2,304,357,742.74, an increase of 27.70% over the same period of the previous year. After deducting non-recurring profits and losses, net profit attributable to the parent company's shareholders was RMB1,867,289,479.85, an increase of 9.82% on an annual basis.

The key operating resources and performance indicators in 2020 are stated in the table below:

Item	Indicators	At the end of the reporting period	At the end of last year	Year-on-year change
Operating resources	Directly operated branches	1,669	1,104	51.18%
	Employees	45,066	35,209	28.0%
	R&D personnel	3,025	2,051	47.49%
	Teaching professionals	18,863	13,475	39.99%
Business	Trainees	4,494,348	3,287,356	36.72%
	Revenue of face-to-face training (RMB)	8,233,444,798.58	8,083,730,102.79	1.85%
	Revenue of online training (RMB)	2,905,456,920.13	1,035,595,638.64	180.56%
Profits	Operating income (RMB)	11,202,494,295.04	9,176,129,995.89	22.08%
	Net profits attributable to shareholders of the listed Company (RMB)	2,304,357,742.74	1,804,548,688.01	27.70%



2.The Company makes significant achievements in digital operations and receives explosive growth in OMO business.

The Company continues to promote the in-depth matching of digital operation and the vertical integrated rapid response system, using the power of digital operation to seek a more efficient level with rapid response, and further enhance the Company's core competitiveness based on speed economy. After the outbreak of the pandemic, the space for digital operation substantially expands. With a well-developed smart teaching platform, online large-scale R&D, and comprehensive service capabilities, the Company has promoted OMO products with unprecedented intensity. It has not only achieved significant results, but also contributed to considerable growth in an extremely unfavorable business environment. During the reporting period, the online training business achieved revenue of RMB 2,905,456,920.13, an increase of 180.56% over the same period of last year. The proportion of online training revenue in the overall revenue also increased significantly, from 11.29% in the same period of last year to 25.94%. The number of people receiving online training was close to 3 million, an increase of over 60%.

3. Revenue of training sector for public service recruitment examinations grows steadily, and the training for civil servants examination strongly pulled the sector through the pandemic period.

During the reporting period, the pandemic strongly disturbed the recruitment rhythm, and the performance of the training sector for public service recruitment examinations was under heavy pressure. However, the rebound of the recruitment demands is assured, especially the rebound of the recruitment demands of civil servants. In the case of temporary passive reduction of other recruitment demands, the training for civil servant examinations has driven the training sector for public service recruitment examinations and the Company's overall performance to achieve steady growth.

In terms of recruitment categories, civil servants recruitment category achieved revenue of RMB 6,289,564,053.54 in the reporting period, an increase of 50.79% from RMB 4,171,091,369.87 in the same period of last year; public institutions recruitment category achieved revenue of RMB 1,273,504,970.82 in the reporting period, a decrease of 9.12% from RMB 1,401,287,171.43 in the same period of last year; and teachers recruitment category achieved revenue of RMB 1,794,466,441.92, a decrease of 7.15% from RMB 1,932,698,035.79 in the same period of last year. After merging other new businesses, other categories in total achieved revenue of RMB 1,781,366,252.43 in the reporting period, an increase of 10.35% from RMB 1,614,249,164.34 in the same period of last year.

The pandemic has significantly disturbed the annual operation cycle, resulting in a situation where the training for recruitment examinations in the first half of the year was half paused. In addition, the postponement of the provincial joint entrance examination for civil servants from the first half of the year to the second half of the year directly, on the one hand, affected the recruitment of teachers, public institutions employees, medical workers, etc., and the recruitment plan for this year was shrunk or delayed; and consequently on the other hand, job seekers focused on the preparation for civil servants recruitment in the second half of the year, and there was hardly any time for them to take extra training for other exams as what they did in previous years, which affected the Company's enrollment in other recruitment categories to a certain extent. This situation was partially alleviated when most of the college students returned to school in late September.

In the chaotic recruitment environment, the Company proactively carried out product innovation and enhanced its promotion efforts. With all the challenges, it still achieved steady growth in the number of trainees in each category. The number of trainees for the civil servant recruitment increased by more than 50%, and the Company's overall trainee number increased by almost 40%. Although there exists a slight decline in the revenue from public institutions and teachers recruitment, it has not changed the tendency of Company's rapid expansion in related fields, nor does it mean that the trend of steady increase of recruitment demands in these fields is reversed.

Section II. Core business analysis

1. Overview

Refer to “Section I. Overview” of “Chapter IV. Discussion and Analysis of Corporate Operating”

2. Revenue and cost

(1) Composition of revenue

Unit: RMB

	2020		2019		Year-on-year increase or decrease
	Amount	Proportion of revenue	Amount	Proportion of revenue	
Revenue	11,202,494,295.04	100%	9,176,129,995.89	100%	22.08%
Sectors					
Educational training	11,138,901,718.71	99.43%	9,119,325,741.43	99.38%	22.15%
Others	63,592,576.33	0.57%	56,804,254.46	0.62%	11.95%
Categories of product					
Training for Civil Servant Test	6,289,564,053.54	56.14%	4,171,091,369.87	45.46%	50.79%
Training for Public Institution Test	1,273,504,970.82	11.37%	1,401,287,171.43	15.27%	-9.12%
Training for Teachers' Recruitment Test	1,794,466,441.92	16.02%	1,932,698,035.79	21.06%	-7.15%
Training for other public services test and new businesses	1,781,366,252.43	15.90%	1,614,249,164.34	17.59%	10.35%
Others	63,592,576.33	0.57%	56,804,254.46	0.62%	11.95%
Regions					
Northeast China	1,575,156,348.27	14.06%	1,605,248,551.77	17.49%	-1.87%
North China	1,875,752,184.53	16.74%	1,507,996,401.11	16.43%	24.39%
East China	2,654,580,800.73	23.70%	2,291,959,920.38	24.98%	15.82%
Central China	1,349,672,939.31	12.05%	924,399,970.66	10.07%	46.01%
South China	1,016,364,626.14	9.07%	752,986,319.63	8.21%	34.98%
Southwest China	1,403,667,569.50	12.53%	1,102,235,767.21	12.01%	27.35%
Northwest China	1,263,707,250.23	11.28%	934,498,810.67	10.18%	35.23%
Others	63,592,576.33	0.57%	56,804,254.46	0.62%	11.95%

(2) Particulars of sectors, products or regions that account for more than 10% of the operating revenue or profits

Applicable Not Applicable

(3) Is the Company's goods sales income greater than that of labor services?

Applicable Not Applicable

(4) Fulfillment of significant sales contracts signed by the Company as of the reporting period

Applicable Not Applicable

(5) Composition of operating cost

Categories of industry

Unit: RMB

Industry classification	Item	2020		2019		Year-on-year Increase/Decrease
		Amount	Proportion of operating costs	Amount	Proportion of operating costs	
Education training	Cost of operation	4,513,636,084.16	98.82%	3,765,351,141.48	98.76%	19.87%
Others	Cost of operation	53,690,847.28	1.18%	47,243,245.07	1.24%	13.65%

Statement

None

(6) Whether the scope of consolidation changed during the reporting period

Yes No

Full name of the subsidiary	Proportion of shareholding (%)	Reason for changes
1. Beijing Offcn Future Education Technology Co. Ltd.	100.00	New establishment
2. Beijing Offcn Future Research Education Technology Co. Ltd.	100.00	New establishment
3. Shaanxi Offcn Education Technology Co. Ltd.	100.00	New establishment
4. Chengdu Offcn Future Education Training School Co. Ltd.	100.00	New establishment
5. Wuhu Offcn Training School Co. Ltd.	100.00	New establishment
6. Wuhan Guoshang Human Resource Service Co. Ltd.	100.00	New establishment
7. Jinan Zhangqiu Offcn Training School Co. Ltd.	100.00	New establishment
8. Mengzi Offcn Education Training Co. Ltd	100.00	New establishment
9. Beijing Offcn Technology Development Co. Ltd	100.00	New establishment
10. Shanghai Offcn Education Technology Co. Ltd.	100.00	New establishment
11. Guangzhou Offcn Smart Education Technology Co. Ltd.	100.00	New establishment
12. Pingshan Offcn Education Technology Co. Ltd.	100.00	New establishment

13. Shandong Offcn Education Training School Co. Ltd.	100.00	New establishment
14. Lanzhou Offcn Education Training School Co. Ltd.	100.00	New establishment

(7) Major changes or adjustments to the Company's business, products, or services during the reporting period

Applicable Not Applicable

(8) Major customers and major suppliers

Information about major customers

Total Revenue from the top five customers (RMB)	577,382.08
Total Revenue from the top five customers in proportion of total revenue	0.01%
Total Revenue from related parties in the top five customers in proportion of total revenue	0.00%

Information about the top 5 customers

SN	Customer	Revenue (RMB)	Proportion of total revenue
1	Customer 1	130,420.74	0.00%
2	Customer 2	125,339.81	0.00%
3	Customer 3	120,388.35	0.00%
4	Customer 4	101,747.67	0.00%
5	Customer 5	99,485.51	0.00%
Total	--	577,382.08	0.01%

Other information regarding major customers

Applicable Not Applicable

Information about major suppliers

Total purchase amount of the top five suppliers (RMB)	262,127,799.83
Total purchase amount of the top five suppliers in proportion of total annual purchase amount	5.89%
Total purchase amount of related parties of the top five suppliers in proportion of total annual purchase amount	0.56%

Information about the top five suppliers

SN	Supplier	Purchase Amount (RMB)	Proportion of Total Annual Purchase Amount
1	Supplier 1	132,160,279.84	2.97%
2	Supplier 2	48,423,107.00	1.09%
3	Supplier 3	31,058,823.53	0.70%
4	Supplier 4	25,454,889.46	0.57%
5	Supplier 5	25,030,700.00	0.56%
Total	--	262,127,799.83	5.89%

Other information regarding major suppliers

Applicable Not Applicable

3. Expenses

Unit: RMB

	2020	2019	Year-on-year increase/decrease	Description on major changes
Sales expenses	1,811,790,113.16	1,482,984,426.78	22.17%	As business activities increase, marketing expenses and new business development expenses increase
General and administrative expenses	1,279,869,207.37	1,098,471,953.96	16.51%	Business scale expands; management staff and expenses increase
Financial expenses	430,548,689.17	204,308,516.41	110.73%	Financial institution short-term borrowing interest expense and collection fee increase
Research and development expenses	1,050,697,333.79	697,940,218.36	50.54%	Increased investment in research and development of curriculum and technology

4. R&D investment

 Applicable Not Applicable

The Company's R&D investment is mainly used for the basic R&D of curriculum system and infrastructure R&D of digital operation. Among them: the basic R&D of curriculum system mainly provides different product combinations to improve students' learning effect, thereby enhancing the company's core competitiveness. Infrastructure R&D of digital operation, including system and client-side development, will provide technical support for business digital transformation.

	2020	2019	Variable proportion
Numbers of R&D staff	3,025	2,051	47.49%
Proportion of R&D staff	6.71%	5.83%	0.88%
R&D investment amount (RMB)	1,050,697,333.79	697,940,218.36	50.54%
The proportion of R&D investment in revenue	9.38%	7.61%	1.77%
Amount of capitalized R&D investment (RMB)	0.00	0.00	0.00%
The proportion of Capitalized R&D investment in R&D investment	0.00%	0.00%	0.00%

Reasons for the significant change of the proportion of total R&D investment in revenue compared with last year

 Applicable Not Applicable

Explanation for a significant change of R&D investment capitalization rate

 Applicable Not Applicable

5. Cash flow

Unit: RMB

Item	2020	2019	Year-on-year Increase/ Decrease
Sub-total of cash inflows from operating activities	14,170,455,842.47	10,193,190,093.91	39.02%
Sub-total of cash outflows from operating activities	9,287,986,740.56	7,719,204,008.72	20.32%
Net cash flows from operating activities	4,882,469,101.91	2,473,986,085.19	97.35%
Sub-total of cash inflows from investing activities	41,450,131,085.26	27,643,810,373.01	49.94%
Sub-total of cash outflows from investing activities	42,558,772,286.98	27,774,917,283.47	53.23%
Net cash flows from investing activities	-1,108,641,201.72	-131,106,910.46	-745.60%
Sub-total of cash inflows from financing activities	5,270,000,000.00	3,343,698,800.00	57.61%
Sub-total of cash outflows from financing activities	5,818,126,412.65	3,610,954,518.47	61.12%
Net cash flows from financing activities	-548,126,412.65	-267,255,718.47	-105.09%
Net increase in cash and cash equivalents	3,225,701,487.54	2,075,623,456.26	55.41%

Explanation for the main influencing factors of major year-on-year changes in relevant data

Applicable Not Applicable

(1) Net cash flows from operating activities increased by RMB 2,408,483.02 thousand yuan, a year-on-year increase of 97.35%. It was mainly due to the Company's main business income growth.

(2) Net cash flows from investing activities decreased by RMB 977,534.29 thousand yuan, a year-on-year decrease of 745.60%. It was mainly due to the increase in fixed assets purchase and construction.

(3) Net cash flows from financing activities decreased by RMB 280,870.69 thousand yuan, a year-on-year decrease of 105.09%. It was mainly due to dividends and repayment of short-term borrowings.

Explanation for the significant differences between the net cash flow from operating activities and the net profit of the current year during the reporting period

Applicable Not Applicable

Section III. Non-core business analysis

Applicable Not Applicable

Unit: RMB

	Amount	Proportion of total profit	Reasons	Sustainable or not
Investment income	256,543,458.65	9.64%	Mainly including income from financial products, and interest on time deposits.	Yes
Gains and losses from	20,984,385.76	0.79%	According to Financial Instruments Standards.	Uncertain

changes in fair value				
Non-operating income	65,303.00	0.00%	Formed during the operating process.	Uncertain
Non-operating expenses	674,641.85	0.03%	Formed during the operating process.	Uncertain

Section IV. Analysis of Assets and Liabilities

1. Major changes in asset composition

The Company implements the new revenue standard or the new lease standard for the first time from 2020, and adjusts the implementation of the relevant items in the financial statement at the beginning of the year.

Applicable

Unit: RMB

	End of Year 2020		Beginning of Year 2020		Proportion of increase/decrease	Major changes
	Amount	Proportion of total assets	Amount	Proportion of total assets		
Monetary fund	5,950,395,089.12	41.27%	2,724,335,001.58	27.35%	13.92%	Mainly due to the increase in received payments during the period and the redemption of financial products at due date
Accounts receivable	21,493,637.66	0.15%	2,721,638.09	0.03%	0.12%	Mainly due to the increase in rent receivable
Investment properties	668,014,515.82	4.63%	688,475,053.53	6.91%	-2.28%	Mainly due to depreciation of investment properties
Fixed assets	1,612,792,592.67	11.19%	672,429,601.44	6.75%	4.44%	Mainly due to the increase in houses and buildings
Construction in progress	214,248,125.04	1.49%	653,580,160.32	6.56%	-5.07%	Mainly due to the conversion of engineering projects to fixed assets
Short-term borrowings	3,976,019,329.22	27.58%	2,867,000,000.00	28.78%	-1.20%	Mainly due to the increase in total assets greater than that of short-term loans

2. Assets and liabilities measured at fair value

✓ Applicable Not Applicable

Unit: RMB

Item	Opening balance	Gains and losses from the changes in fair value in current period	Accumulated changes in fair value attributed to equity	Provision for impairment in the current period	Amount of purchase in the current period	Amount of sales in the current period	Closing balance
Financial assets							
Transactional financial assets (excluding derivative financial asset)	1,892,562,787.50	20,984,385.76			40,533,197,090.00	41,255,088,090.00	1,191,656,173.26
Investment in other equity instruments	162,800,000.00		-10,000,000.00				152,800,000.00
Subtotal of financial assets	2,055,362,787.50	20,984,385.76	-10,000,000.00		40,533,197,090.00	41,255,088,090.00	1,344,456,173.26
Total	2,055,362,787.50	20,984,385.76	-10,000,000.00		40,533,197,090.00	41,255,088,090.00	1,344,456,173.26
Financial liabilities	0.00						0.00

Other changes

Whether the Company's major assets measurement attributes have significant changes during the reporting period

Yes No

3. Assets with restricted rights as of the end of the reporting period

Item	Book value at the end of the period	Reason for restriction
Monetary fund	358,600.00	Deposit
Debt investment	1,000,000,000.00	Pledge loan not yet to complete the release procedures
Total	1,000,358,600.00	

As of December 31, 2020, the non-current assets of RMB 500,000,000.00 due within one year have not yet completed the release procedures, and the relevant short-term loans have been paid off in September 2020; all of the non-current assets due within one year have been released in April 2021.

Section V. Analysis of Investments

1. General situation

Applicable Not Applicable

Investment amount in the reporting period (RMB)	Investment amount in the same period of the previous year (RMB)	Variation
43,223,486,027.58	27,672,278,371.38	56.20%

2. Significant equity investment obtained during the reporting period

✓ Applicable Not Applicable

Unit: RMB

Name of investee	Liu'an Yazhong Real Estate Information Consulting Co., Ltd.	Lu'an Zhongke Real Estate Information Consulting Co., Ltd.	Total
Core business	Real estate information consulting services; business management consulting; public relations services; conference services; education consulting services	Real estate information consulting services; business consulting, business information consulting; corporate marketing consulting; education consulting services.	--
Investment method	Acquisition	Acquisition	--
Investment amount	72,151,600.00	489,131,700.00	561,283,300.00
Shareholding ratio	100.00%	100.00%	--
Sources of funds	Self-owned funds	Self-owned funds	--
Partner	None	None	--
Investment period	Long term	Long term	--
Product type	Not applicable	Not applicable	--
Progress as of the balance sheet date	Not applicable	Not applicable	--
Expected return	0.00	0.00	0.00
Investment profit/loss for the current period	0.00	0.00	0.00
Whether involved in litigation	No	No	--
Date of disclosure	Dec.10, 2020	Dec.10, 2020	--
Disclosure index (if any)	www.cninfo.com.cn (Announcement Number: 2020-048)	www.cninfo.com.cn (Announcement Number: 2020-048)	--

3. Significant non-equity investment ongoing during the reporting period

✓ Applicable Not Applicable

Unit: RMB

Project	Fushun Offcn Building	Changping Land Use Right	Total
Investment method	Self-built	Other	--

Whether it is a fixed asset investment	Yes	Yes	--
Industries involved in investment projects	Educational technology development, service, cultural consulting	Educational technology development, service, cultural consulting	--
Amount of investment in this reporting period	27,267,466.15	601,000,000.00	628,267,466.15
Accumulated investment as of the end of the reporting period	140,287,691.52	601,000,000.00	741,287,691.52
Sources of funds	Self-owned funds	Self-owned funds	--
Project progress	42.51%	--	--
Estimated earning	0.00	0.00	0.00
Accumulated income as of the end of the reporting period	0.00	0.00	0.00
Reasons for not meeting the planned progress and expected income	Not completed yet	Not completed yet	--
Date of disclosure (if any)	—	Dec.3, 2020	--
Disclosure index (if any)	—	www.cninfo.com.cn (Announcement No:2020-046)	--

4. Financial assets investment

(1) Securities investment

√ Applicable Not Applicable

Unit: RMB

Securities	Securities code	Securities abbreviation	Original investment cost	Accounting measurement model	Book value at the beginning of the period	Profits and losses from changes in fair value for the current period	Accumulated changes in fair value included in equity	Purchase amount for this period	Selling Amount for this period	Profits and losses during the reporting period	Book value at the end of the period	Accounting subjects	Sources of fund
Funds	010439	Huitianfu Stable-profit Hybrid	9,999,000.00	fair value measurement	0.00	468,953.10	0.00	9,999,000.00	0.00	468,953.10	10,467,953.10	Transactional financial assets	Self-owned funds

		Securities Fund with one-year holding period											
Other securities investments held at the end of the period				--								--	--
Total			9,999,000.00	--	0.00	468,953.10	0.00	9,999,000.00	0.00	468,953.10	10,467,953.10	--	--
Disclosure Date of the announcement of securities investment approval by board of directors			N/A										
Disclosure date of the announcement of the securities investment approval by board of shareholders (if any)			N/A										

(2) Derivatives investment

Applicable Not Applicable

There is no derivatives investment during the reporting period.

5. Use of raised funds

Applicable Not Applicable

There is no use of raised funds during the reporting period.

Section VI. Sale of major assets and equity

1. Sales of major assets

Applicable Not Applicable

There is no sales of major assets during the reporting period.

2. Sale of major equity

Applicable Not Applicable

Section VII. Analysis of major holding and participating companies

Applicable Not Applicable

Major subsidiaries and shareholding companies that affect the Company's net profit by more than 10%.

Unit: RMB

Company name	Beijing Offcn Education Technology Co., Ltd.
Company type	Subsidiary
Major business	Educational technology consulting, technology development, technical services, technology promotion,

	technology transfer; educational consulting; cultural consulting; corporate management consulting; corporate investment consulting; computer technology training (not for national admissions); public relations services; hosting exhibition activities; organizing cultural and artistic exchange activities (excluding performances); conference services; design, production, agency, release of advertisements; publication wholesale; publication retail; operating telecommunications business; human resource services; radio and television program production; engaging in Internet cultural activities. (Market entities independently choose operating projects and carry out operating activities in accordance with the law; engage in Internet cultural activities, publication wholesale, publication retail, telecommunications business, radio and television program production, human resource services, and projects subject to approval in accordance with the law, and after approval by relevant departments, carry out operating activities in accordance with the approved content; shall not engage in operating activities that are prohibited or restricted by the state and this city's industrial policies.)
Registered capital	90,000,000.00
Total assets	12,380,846,713.79
Net assets	3,210,509,466.26
Revenue	11,183,446,676.00
Operating profit	2,706,453,201.02
Net profit	2,339,315,420.51

Acquisition and disposal of subsidiaries during the reporting period

 ✓ Applicable Not Applicable

Company name	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on the overall business operations and performance
Beijing Offcn Future Education Technology Co. Ltd.	New establishment	No major impact
Beijing Offcn Future Research Education Technology Co. Ltd.	New establishment	No major impact
Shaanxi Offcn Education Technology Co. Ltd.	New establishment	No major impact
Chengdu Offcn Future Education Training School Co. Ltd.	New establishment	No major impact
Wuhu Offcn Training School Co. Ltd.	New establishment	No major impact
Wuhan Guoshang Human Resource Service Co. Ltd.	New establishment	No major impact
Jinan Zhangqiu Offcn Training School Co. Ltd.	New establishment	No major impact
Mengzi Offcn Education Training Co. Ltd.	New establishment	No major impact
Beijing Offcn Technology Development Co. Ltd.	New establishment	No major impact
Shanghai Offcn Education Technology Co. Ltd.	New establishment	No major impact
Guangzhou Offcn Intelligence Education Technology Co. Ltd.	New establishment	No major impact
Pingshan Offcn Education Technology Co. Ltd.	New establishment	No major impact

Shandong Offcn Education Training School Co. Ltd.	New establishment	No major impact
Lanzhou Offcn Education Training School Co. Ltd.	New establishment	No major impact

Major holding and participating companies

In 2020, The Company's wholly-owned subsidiary, Beijing Offcn Education Technology Co., Ltd. achieved operating revenue of RMB 11,183,446.67 thousand yuan, representing an increase of 22.13% as compared to the corresponding period of last year; and net profits amounted to RMB 2,339,315.42 thousand yuan, increasing by 28.30% as compared to the corresponding period of last year. The steady and rapid growth in operating income and profits attributes to the continuous increase in the number of trainees, the enhancement of the company's leading position in the market and the advantage in the economies of scale. Besides, the Company has been promoting its research capabilities and management efficiency. As more and more technology is implemented in the products and services, the Company's overall comprehensive advantages both in brand and platform becomes more apparent.

Section VIII. Structured entities controlled by the Company

Applicable Not Applicable

Section IX. Forecast of the Company's future development

1. Trends of the industry's future development

(1) The status of vocational education in education system is increasing.

For a long time, China's education system has been dominated by curricula education and the foundation of vocational education is relatively weak. There is a serious shortage of high-end skilled talents supply and in the future, the need for more "skilled craftsmen" and "great builders" will remain urgent.

In recent years, China's industrial structure is undergoing transformation and upgrading. The government has clearly proposed that great efforts will be made to promote the development of emerging industries with strategic importance, and the proportion of modern service industry will be further increased. With rapid changes in the industrial structure, the requirements from enterprises for the professional competence and comprehensive quality of technical personnel have gradually increased. New requirements for their practical ability have also been put forward. Traditional academic education can't fully meet the new requirements.

Besides, the government continues to enhance the efforts to develop vocational education. In accordance with *Resolution of China State Council on Vocational Education Development* published in 2005, and *National Vocational Education Reform and Implementation Plan* and *China's Education Modernization 2035 Plan* published in 2019, the status of vocational education in education system will be increasingly promoted from both the policy and institutional levels.

(2)The continuous increase in the number of college graduates is an important indicator of the employment situation.

Usually, a faster growing economy will bring a higher level of employment. In recent years, economic growth has slowed down, but the number of university graduates has continued to grow. It will reach 9.09 million this year, setting a new historical record.

College graduates account for more than half of the annual demand for over 15 million new jobs, and the bonus period for the export of cheap rural labor has come to an end. The expansion of university enrollment has obviously and directly accelerated the arrival of the turning point. The labor shortage of farmer laborers coexists with the difficult employment of college graduates. The demand for training for public service recruitment examination continues to rise.

In addition, aiming to maintain sustained economic growth, realize transformation and upgrading, and overcome the “middle-income trap”, it is urgently necessary to carry out industrial upgrading of middle and high-end vocational education in order to improve the vocational skills and professional literacy of knowledge-based employees.

(3)The serious shortage of high-quality supply is the main contradiction that restricts the development of the vocational education industry.

At present, the foundation of vocational education is still weak. Due to the extremely low concentration of the industry and the limited number of large vocational education institutes and enterprises, the supply of high-quality vocational education is seriously insufficient. With the improvement of industry concentration and the continuous development of leading vocational education enterprises, core business elements such as R&D, management and marketing of vocational education will gradually break through the original boundaries of the industry, create high-quality and cost-effective supplies, drive demand-side volume with supply-side innovation and push the industry into a new track of rapid development.

(4)The urbanization wave will promote the continuous improvement of public service and the number of employees of the public service sector will continue to expand.

The process of urbanization is a key driver of the long-term impact on China’s employment market growth. In the past 5 years, the urbanization rate has increased from 57.35% to over 60%. The demand for new jobs is about 75 million and the new jobs in urban areas exceed 60 million.

Urbanization will expand the public financial expenditure and the number of employees in the public service sector. China’s urbanization rate remains in a high-speed growth range of 30% to 70%. It is likely to continue to develop for nearly 20 years to achieve an urbanization rate of more than 80% in developed countries. Meanwhile, continuous urbanization may also lead to more seriously inadequate public service supply in cities, which will also impose higher requirements on the quality of public services.

Additionally, the urbanization rate of the registered population is much lower than that of the resident population, which is only 44.38%, and the number of population separating from their household register in China reaches 286 million. The problem of unequal public services between the registered population and migrants is common in cities and the State Council has issued a plan on the equalization of basic public services.

The equalization of basic public services is another huge driving force for the employment expansion of the public sector in addition to the upgrading of public service consumption. Compared with public products such as infrastructure, public services are labor-intensive inputs, especially the basic public services of local governments. It hires a huge number of employees while improving public service capabilities. China's long-term goal for 2035 and the main goal of economic and social development during the "14th Five-Year Plan" period require a significant increase in the level of equalization of public services. According to the research by the National Academy of Governance, the employed population in the public sector in developed countries accounts for about 10% to 20% of the workforce, which is even higher than 20% in Canada and Hong Kong. However, the employed population in the current public sector only accounts for 5% in China.

With the deepening of urbanization, the proportion of employed population in China's public sector will gradually increase; and the market of training for public service recruitment examination will also maintain a long-term steady growth, which has been partially proved by the astonishing demands on the training for teacher recruitment examination and recruitment examination in medical treatment and public health.

2.Strategic development direction of the Company

(1)Maintain heavy R&D investment and strengthen the advantages of the leading vocational education innovation platform.

R&D shall always be regarded as the fundamental driving force for all undertakings. The Company will resolutely carry out long--term and heavy investment in R&D and attract outstanding talents to participate in R&D. With R&D, the Company will drive innovation from the bottom level, make systematic improvement, break through industry boundaries, and establish competition barriers, so as to perfect its current major businesses, expand its new businesses, and remain to be a leading vocational education innovation platform.

(2)Deep integration of technology and business for digital transformation of operations

Years of accumulation of independent IT development is the Company's valuable wealth, enabling the Company to calmly cope with the new opportunities and challenges brought by the development of science and technology. The Company is open to new technologies, but does not blindly follow them. The Company always respects the essential law of education and pursues the deep integration of technology and business.

The Company will constantly increase investment in technology infrastructure and technical teams and enhance responsiveness of technology through technological middle platform and agile development to expand development output.

On this basis, the Company will continue to accelerate digital transformation of operations and fully integrate the productivity of technology with operation system to facilitate business innovation, and improve the intelligent level of operation and teaching, thus supporting a wider and larger scale of vertical integrated fast response capability, continuously increasing the output level of the high-growth enterprise platforms, and improving the sustainability of rapid growth.

(3)Accumulate comprehensive vocational training service capabilities and expand the market of multi-categories of vocational education

Small and dispersed vocational education cannot meet the needs of economic development and transformation, nor can it meet the career development needs from knowledge-based employment groups. It also confines the scale of vocational education enterprises and their ability to provide high-quality products and services.

After years of accumulation and recent breakthroughs, the Company has initially obtained the capacity to provide multi-categories of vocational education services, and achieved considerable revenue and rapid performance growth in many categories.

The Company will continue to explore new service categories copy and export core capabilities, strive to enlarge one category once entering it, and expand the multi-category market of vocational education with greatest patience.

(4)Continue channel deepening and channel innovation

The Company started its business in response to the scattered needs in the national market. From the initial period, it expanded its operations to the national market. For more than a decade, the channel network has continued to grow and deepen, and there is still broad space. Next, the Company's channel focus will further sink from the headquarter and provincial cities to prefecture-level cities and counties. At the same time, channels to universities will be expanded and innovated.

(5)Undertake the mission of the times, help more employees develop, and earnestly fulfill corporate social responsibility

“Be good & Do right” is the Company's core value. The Company is committed to “becoming an education enterprise that enables its employees to rapidly grow and contributes to human and social development.” Efficient operation and successful marketing are the foundation for this commitment. At the same time, the Company will continue its meticulous tradition of organizational construction, combined with the strong help of Party building, continuously expand the social value of corporate services, especially in the important people's livelihood and economic affairs including the employment of college graduates, and the improvement of the professional competence of knowledge-based groups in the central and western regions and less developed areas, and give play to the unique value of a leading vocational education enterprise.

3. Major business plan of the Company for 2021

(1) Strengthen multi-category coordination and refined operations, and achieve an overall improvement in the operating efficiency of the recruitment sector.

With the expansion of the overall scale and the further enrichment of the category structure, on the one hand, a broader space for multi-category collaborative product innovation has been formed, and on the other hand, the capacity expansion and channel sinking against the trend in recent years have also posted more challenges towards refined operations. After the overall business environment returns to normal, the Company will continue to actively expand the market scale while strengthening multi-category coordination and refined operations to comprehensively improve the operating efficiency of the recruitment sector.

(2) Enhance the leading advantage of the postgraduate entrance examination business, and continue to promote the “take-off action” for new business.

In 2020, the Company’s postgraduate entrance examination training business scale achieved a leading position. The new model of face-to-face instruction in small class, professional R&D and large-scale full-time teachers has been verified successfully and becomes a new industry standard. Innovative businesses such as online schools for postgraduate entrance examinations have achieved breakthrough growth. After the outbreak of Covid-19, the expansion of postgraduate enrollment has become an important measure to stabilize employment. The number of postgraduate enrollment has exceeded 1 million, and the number of applicants has also rapidly increased to 3.77 million. The Company will focus on large-scale R&D and fixed-point channels for colleges and universities, further develop the business of postgraduate entrance examination training, and enhance its leading advantages of postgraduate entrance examination training.

Around 2019, the Company completed a round of intensive resource investment in active new business, especially in key categories such as postgraduate entrance examination, medical workers recruitment, and IT, achieving a leading position in core teaching and research resources. In addition, starting from the second half of 2019, the Company has taken a “take off action” for the new business sectors, giving more management resources to the new business from the top level. The outbreak of Covid-19 has strengthened the Company’s determination to expand operations across sectors, and also verified the rationality of the previous strengthening on the market development of recruitment sectors. The targeting actions have thus been more vigorously and continuously deepened. At the same time, with the growth and maturity of reserve talents, the current performance of related categories improved and, more importantly, the overall layout advantages have been enhanced, which is conducive to the realization of the medium and long-term sector’s rotating growth trend.

(3) Strengthen management innovation, seek the potential of digital operation at a higher level, and enlarge the value of the growth engine of OMO business.

Sustained scale expansion must be carried out together with effective management innovation, and the improvement of operating efficiency demands strengthening of management innovation. Rapid category

expansion, wide-spread outlets, and intensive knowledge-based staff have continuously put forward new requirements for management innovation. First-line business outlets and headquarters command centers are the key points of management innovation. In 2021, the Company will further deepen the integration of digital infrastructure, excellent team execution and vertical integrated rapid response system, strengthen the enterprise platform, and improve operating efficiency. At the same time, based on the digital penetration of the main course products in 2020, the Company will further expand the leading advantages of online and offline integrated courses, so that more students can obtain the convenience of online learning and the effectiveness of face-to-face learning at the same time, and rapidly increase the number of learners and the rate of participation.

4. Possible Risks and Responses

(1) Policy Risks

The boom of the vocational education industry has a high correlation with the policy environment, and is easily affected by the vocational education policy. In recent years, in order to support the development of the vocational education industry, the state has successively issued a number of industry support and encouragement policies. However, it will take time for the corresponding supporting laws, regulations and rules to be fully implemented, and there is still a certain degree of uncertainty in the future. If there are major changes and adjustments to relevant laws, regulations or industrial policies in the future, it may have an impact on the development trend of the vocational education industry, which may affect the Company's future business development and performance. In addition, the Company has many branches and wide distribution of training venues. It is not ruled out that in the future, relevant regulatory authorities of provinces, autonomous regions and municipalities will issue more stringent regulations for the local education and training industry, which may affect the Company's operations in the region.

Risk response: Each branch of the Company has established a tracking research policy team to conduct in-depth analysis of various policies that have been issued. At the same time, the Company's deep IT independent development and accumulated strength and effective digital transformation of operations simultaneously ensure the efficiency of information feedback. Through the upgrading and transforming of basic systems such as ERP, CRM, and teaching platforms, it is possible to obtain, perceive and predict the direction and trend of relevant policy changes in various places in a timely manner, make arrangements and adjustments in advance, avoid relevant policy risks, and take advantage of industry policies to help the Company's business development.

(2) Increased Market Competition Risks

The overall scale of the vocational education market is large. The market demand is widely dispersed throughout the country, and the initial investment scale is relatively small. For these reasons, a large number of local small and medium-sized training institutions are spawned; the homogeneity of products is serious, and the vicious competition in the industry is widespread. Moreover, given to the future increase of family income, we will see greater importance attached to high-quality educational resources and continued booming of the industry, which

will result in more capital inflow into the industry and ever more intense competition. How to effectively cope with competition within the industry and its impact on emerging institutions is a challenge faced by the Company for comprehensive development of the vocational education industry.

Risk response: In response to the above risks, the Company will continue to invest heavily in research and development, technology infrastructure and technical team, as well as integrate the productivity of technology into the business system to promote business innovation. At the same time, the Company will continue to explore new niche markets, pioneer a full-category market of medium and high-end vocational education, and further enhance the company's core competitiveness in the industry. After more than 20 years of strenuous efforts, Offcn Education has established an innovative teaching and research system, wide offline channels and online distribution; thus it will acquire a significant edge in the future market competition.

(3)Risk of core brain drain

As a vocational education enterprise with highly intensive knowledge-based staff, the Company regards talents as its one of core resources. Brain drain is a common risk faced by the education and training industry. The loss of the Company's core management, R&D talent team and backbone teachers may adversely affect the Company's long-term stable development.

Risk response: On the one hand, the Company has attracted a large number of high-quality talents with its brand advantages, which has continuously injected new forces into the Company. At the same time, since the Company was founded, it has taken "being a kind person" as its core value and advocated selflessness and altruism. This ubiquitous and endless corporate culture allows the Company to maintain strong organizational cohesion. On the other hand, the Company attaches importance to the basic rights and interests of employees, completes a fair and transparent performance evaluation system, provides employees with diversified compensation and incentive paths, pays attention to the personal growth of employees, supplies employees with sustainable development opportunities and growth space, and reduces the risk of core brain drain.

(4)Management Risks

With the continuous expansion of the Company's business categories and branches, the Company must face the risk of mismatch between expansion and management capabilities. Costs such as venue leasing and labor have continued to increase, and the pursuit of rapid development has led to a decline in the current profit level and profit margin. At the same time, the sudden outbreak of the pandemic has also posed new challenges to the Company's operation and management.

Risk response: In view of the above risks, the Company will continue to optimize its management system of vertical integrated fast response, enhance the coordination between large-scale knowledge employees, improve management and operation efficiency, upgrade human resources structure, and moderate the business expansion strategy of the Company. The Company attaches importance to talent reserves, makes arrangements in advance, and promotes the realization of growth expectations for new categories. In the face of this pandemic, the

Company has realized the deep integration of online and offline products with the help of digital operating results and deep research and development capabilities, and effectively responded to the impact of the pandemic. In addition, in recent years, the Company has also continued to invest in the construction of a large-scale one-stop base for eating, living and learning, promote the realization of large-scale factory-style operations at the teaching site, and further improve the quality of services while reducing operating costs.

Section X. Reception of research, communication, interview and other activities

1. Registration form for reception of research, communication, interview and other activities during the reporting period.

Applicable Not Applicable

There is no reception of research, communication, interview and other activities during the reporting period.

Chapter V. Significant Events

Section I. The Company's common stock profit distribution and capitalization of capital reserve

Description of the common stock profit distribution policy during the reporting period, especially the formulation, implementation or adjustment of the cash dividend policy

√ Applicable Not applicable

The Company held the 2019 Annual General Meeting of Shareholders on March 30, 2020, reviewed and approved the *Proposal on the Company's 2019 Profit Distribution*. The specific content of the profit distribution plan is: based on the Company's total share capital of 6,167,399,389 shares, cash dividends of RMB 2.40 (tax included) per 10 shares would be distributed to all shareholders with the total cash dividends of RMB 1,480,175,853.36. No bonus shares would be given, nor any capital reserve would be converted into share capital. The profit distribution plan had been implemented on May 20, 2020.

Special description of cash dividend policy	
Whether it meets the requirements of the Company's <i>Articles of Corporation</i> or the requirements of the resolutions of the general meeting of shareholders:	Yes
Whether the dividend standard and ratio are clear:	Yes
Whether the relevant decision-making procedures and mechanisms are complete:	Yes
Whether independent directors have performed their duties and played their due roles:	Yes
Whether minority shareholders have opportunities to fully express their opinions and demands, and whether their legitimate rights and interests are adequately protected:	Yes
Whether the conditions and procedures of adjustment or change of cash dividend policy are compliant and transparent:	Not applicable

The description of the Company's recent 3-year (including this reporting period) common stock profit distribution proposal and proposal for capitalization of capital reserve

1. The 2020 Offcn Edu profit distribution proposal

The Company's board of directors on April 28, 2021 reviewed and approved the *Proposal on the Company's 2020 Profit Distribution*: the Company does not plan to distribute profit in 2020, nor will it increase share capital by converting capital reserve or distribute profits in other forms. This plan still needs to be reviewed and approved by the Company's 2020 annual general meeting of shareholders.

2. The 2019 Offcn Edu profit distribution plan

Based on the Company's total share capital of 6,167,399,389 shares as of December 31, 2019, the Company distributed cash dividends of RMB 2.40 (tax included) per 10 shares to all shareholders with the total cash dividends of RMB 1,480,175,853.36. No bonus shares were given, nor any capital reserve was converted to share capital. The profit distribution plan has been implemented.

3.The 2018 Offcn Edu profit distribution plan

Based on the Company's total share capital of 6,167,399,389 shares, the Company distributed cash dividends of RMB 2.30 (tax included) per 10 shares to all shareholders with total cash dividends of RMB 1,418,501,859.47. No bonus shares were given, nor any capital reserve was converted to share capital. The profit distribution plan has been implemented.

The Chart of the Company's cash dividends of ordinary shares within 3 years (including this reporting period)

Unit: RMB

Year	Cash dividend amount (tax included)	Net profit attributable to ordinary shareholders of the listed Company in the annual consolidated statement of dividends	The ratio of the amount of cash dividends to the net profit attributable to ordinary shareholders of the listed Company in the consolidated statement	The amount of cash dividends distributed in other ways (such as share repurchases)	The proportion of the amount of cash dividends distributed by other means to the net profit attributable to the ordinary shareholders of the listed Company in the consolidated statement	Total cash dividends (including other methods)	The ratio of total cash dividends (including other methods) to the net profit attributable to ordinary shareholders of the listed Company in the consolidated statement
2020	0.00	2,304,357,742.74	0.00%	0.00	0.00%	0.00	0.00%
2019	1,480,175,853.36	1,804,548,688.01	82.02%	0.00	0.00%	1,480,175,853.36	82.02%
2018	1,418,501,859.47	1,152,887,416.22	123.04%	0.00	0.00%	1,418,501,859.47	123.04%

The Company was profitable during the reporting period and the parent company's profit available for distribution to common shareholders was positive but did not propose a cash dividend distribution plan for common shareholders

√ Applicable Not applicable

<p>Reasons for the Company, which was profitable during the reporting period and the parent company's profit available for distribution to common shareholders was positive but did not propose a cash dividend distribution plan for common shareholders</p>	<p>The purpose and use of the Company's undistributed profits</p>
<p>1. According to Article 18 of the <i>Administrative Measures for Securities Issuance and Underwriting</i>, "In the case that a listed company intends to issue securities, if there is a situation where the profit distribution plan or the plan for converting capital reserve to share capital has not been submitted to the general meeting of shareholders for voting, or has been approved by the general meeting of shareholders but has not been implemented, the listed company shall issue securities after the plans are implemented. Prior to the implementation of the relevant plan, the lead underwriter shall not underwrite the securities issued by the listed company." Given that the Company's non-public issuance of stocks is proceeding in an orderly manner, the implementation of profit distribution may conflict with the time window of this non-public issuance of stocks. In order to ensure the smooth implementation of the Company's non-public issuance of shares, taking into account the Company's current and future investment capital needs, operating capital circulation and other major funding arrangements, the Company does not plan to distribute cash dividends for the year of 2020, nor will it conduct capital reserve conversion to share capital or distribute profits in other forms.</p> <p>2. In December 2020, the Company obtained the right to use a state-owned land in Qiliqu Nanbei Village, Shahe Town, Changping District, Beijing at a bid of RMB 3.01 billion, and plans to build the Company's online technology R&D center, OMO education demonstration center, R&D and teaching personnel integrated training center, national market vertical integrated response command center and innovation education headquarters on the land (hereinafter referred to as the "Changping Project"). The retained undistributed profits will be mainly used for the construction of the Changping project and replenishing working capital. The Company regards the undistributed profits accumulated over the years as part of the Company's business development funds, and continues to invest in the Company's daily operations. The Company's undistributed profits are used in accordance with the Company's actual conditions and the interests of all shareholders of the Company.</p>	<p>The Company attaches great importance to shareholder returns and actively shares the Company's growth and operating results with all shareholders. In 2018 and 2019, the Company has distributed a total of RMB 2.90 billion in cash dividends to shareholders, accounting for 98.01% of the net profit attributable to shareholders in the consolidated statement. In view of the large amount of construction funds required for the Changping project, the Company's retained earnings are mainly used for the construction of the Changping project and replenishing working capital, ensuring the Company's stable and strategic development, and further improving the Company's overall strength and long-term returns to shareholders.</p>

Section II. Profit distribution and capitalization of capital reserve during the reporting period

Applicable Not applicable

The Company plans to not distribute cash dividends, not giving bonus shares, and not converting capital reserve into share capital for this year.

Section III. Fulfillment of commitments

1. Commitments that the Company's actual controllers, shareholders, related parties, acquirers, the Company and other relevant parties have fulfilled during the reporting period and have not fulfilled as of the end of the reporting period

Applicable Not applicable

Important commitments made by the parties involved in the major assets restructuring are as follows:

Commitment Party	Commitment Type	Main contents of commitment	Commitment time	Commitment period	Performance
Lu Zhongfang, Li Yongxin, Wang Zhendong, Guo Shihong, Liu Bin, Zhang Yongsheng, Yang Shaofeng, Zhang Zhi'an	Performance commitment and compensation arrangement	1.The profit forecast and compensation periods are the years of 2018, 2019 and 2020. 2.Performance commitment: The compensation obligors confirm and promise that the net profits attributable to the shareholders of the parent company after deducting non-recurring profits and losses under the consolidated statements of Offcn Ltd. shall not be less than RMB 930.00 million, RMB 1.30 billion and RMB 1.65 billion in years of 2018, 2019 and 2020 respectively. 3.The parties agree that the certified public accountants employed by Yaxia Auto shall review the actual net profits of Offcn Ltd. after the end of each of the three fiscal years. The difference between the actual net profits of Offcn Ltd. and the net profits committed by the compensation obligors shall be reviewed and a special audit report shall be issued. At the end of the third fiscal year, an audit institution with qualifications for executing securities and futures engaged by Yaxia Auto will conduct an impairment test on Offcn Ltd. and issue an impairment test report within 90 days after the certified public accountant issues a special audit report. 4.Compensation measures: (1) If the certified public accountant confirms that the actual net profits accumulated by Offcn Ltd. fails to meet the accumulated committed net profits as of the end of each of three fiscal years, each compensation obligor shall assume the compensation obligation according to the proportion of the shares to the total shares of Offcn Ltd. held by all the compensation obligors before the	May, 4 2018	The years of 2018, 2019, 2020	Performance commitments of the year 2018, 2019 and 2020 have been fulfilled.

		<p>transaction. All compensation obligors are given priority to conduct compensation with shares. When the total amount of share compensation reaches 90% of the total number of shares issued for purchasing assets, all compensation obligors shall conduct compensation in cash. The formula for calculating the amount of compensation payable by the obligors in the current period is as follows: compensation amount for the current period = (accumulated committed net profits as of the end of the current period - accumulated net profits as of the end of the current period) ÷ the sum of committed net profits of years within the compensation period × the transaction price of Offcn Ltd. in this transaction - accumulated compensated amount. In the application of the above formulas, principles should be applied as follows: ① “As of the end of the current period” refers to the period starting from 2018 and ending at the end of the current period; ② “the sum of committed net profits” refers to the sum of committed net profits in 2018, 2019 and 2020, that is RMB 3.88 billion. Number of shares to be compensated by the obligors in the current period = Obligor's payable compensation amount in the current period ÷ the issue price per share of the shares issued for purchasing assets. When the number of shares for compensation is not a whole number, it shall be handled in accordance with the rounding principle.</p> <p>(2) The upper limit of compensation obligation for the compensation obligors in the compensation commitments and end-of-period impairment compensation of Offcn Ltd. shall not exceed the total transaction consideration obtained by all shareholders of Offcn Ltd. in this transaction. When the calculated compensable amount is less than or equal to 0, the value shall be taken as 0, that is, the amount or the shares that have been compensated shall not be redeemed.</p> <p>(3) If Yaxia Auto implements ex-rights and ex-dividends, such as distributing bonus shares, converting capital reserve to share capital or allotment within the period of profit compensation, the number of shares to be compensated shall be adjusted accordingly as follows: the number of shares to be compensated by the obligor (after adjustment) = the number of shares to be compensated by the obligor × (1 + the proportion of bonus shares or shares increased by converted capital reserve).</p>			
--	--	---	--	--	--

		<p>(4) If Yaxia Auto distributes cash dividends during the period of profit compensation, the cash dividends shall be returned accordingly. The calculation formula is: returned amount of the compensation obligor = total cash dividends received by the compensation obligor (before tax) ÷ the number of shares obtained by the compensation obligor in this transaction (including shares acquired in this transaction and shares newly increased by distributed bonus shares or shares converted from capital reserve) × the number of obligor's compensation shares.</p> <p>5. Impairment test and compensation after the performance commitment period expires:</p> <p>(1) At the end of the performance commitment period, the audit institution with qualifications for executing securities and futures engaged by Yaxia Auto will perform an impairment test on exchange-in assets in this transaction (i.e. 100% of the shares of Offcn Ltd.) and issue an impairment test report.</p> <p>(2) If the amount of exchange-in assets impairment at the end of the period > the total number of compensated shares × the issue price + the amount of compensated cash, each compensation obligor shall compensate Yaxia Auto separately according to the proportion of the shares to the total shares of Offcn Ltd. held by all the compensation obligors before the transaction. The calculation formula is: the amount to be compensated for the impairment of the exchange-in assets = the amount of impairment of exchange-in assets at the end of the period – the total compensated amount in the commitment year. In any situations, the total amount of the compensation for exchange-in assets impairment and the compensation for performance commitment shall not exceed the total amount of this transaction's consideration received by all the shareholders of Offcn Ltd.</p> <p>(3) The aforementioned amount of impairment is the consideration of exchange-in assets minus the estimated value of exchange-in assets as of the end of the period, deducting the effects of capital injection, capital reduction, gift acceptance and profit distribution of the shareholders of exchange-in assets during compensation period.</p> <p>6. Implementation of compensation:</p> <p>(1) If the compensation obligor is required to compensate Yaxia Auto due to the net profits generated by exchange-in assets are lower than the committed net</p>			
--	--	---	--	--	--

		<p>profits, Yaxia Auto shall convene a board meeting within 30 working days after the special audit report or impairment test report is issued by the accounting firm, and shall determine the number of shares or cash amount to be compensated by each compensation obligor in accordance with the <i>Profit Forecast and Compensation Agreement</i>. The board of directors shall convene a general meeting of shareholders to consider the issue of cancelling repurchased compensation share of the current period.</p> <p>(2) Based on the terms and conditions of the agreement, each compensation obligor shall compensate Yaxia Auto in the following order: each compensation obligor shall perform the compensation obligation according to the proportion of the shares to the total shares of Offcn Ltd. held by all the compensation obligors before the transaction.</p> <p>① Firstly, all compensation obligors shall compensate the listed Company with Yaxia Auto shares obtained in this transaction according to the proportion of the shares to the total shares of Offcn Ltd. held by all the compensation obligors before the transaction. If the aforementioned shares are insufficient for compensation, each compensation obligor shall make compensation by purchasing Yaxia Auto shares from the secondary market or by other legal means. In order to avoid ambiguity, the compensation obligors shall not bear joint liability for the above compensation obligations.</p> <p>② Yaxia Auto shall notify all compensation obligors in writing within 5 working days after the date of announcement of resolution by the shareholders' meeting. All compensation obligors shall transfer their compensation shares of the current year to the designated account set up by the board of directors of Yaxia Auto at a total price of RMB 1.00 within 5 working days after receiving the aforementioned notice, and cancel the aforementioned repurchased shares in accordance with relevant laws and regulations. (If there are changes in relevant laws and regulations and/or in rules of relevant authorities at that time, the cancellation shall be completed in accordance with the latest relevant laws, regulations and rules at that time)</p> <p>③ From the date on which the number of compensation shares of each compensation obligor is determined until the cancellation of these shares, these shares are with no</p>			
--	--	--	--	--	--

		<p>voting rights or rights for dividend distribution.</p> <p>④If the compensation obligor needs to compensate Yaxia Auto in cash in accordance with the stipulations of the <i>Profit Forecast and Compensation Agreement</i>, each compensation obligor shall pay the compensation amount to Yaxia Auto within the period specified in the notice. In case of overdue payment, the compensation obligor shall pay the late payment interest to Yaxia Auto on the overdue portion at daily interest rate of 5‰, with the continuity of obligation of compensation.</p>			
Yaxia Industrial, Zhou Xiayun, Zhou Hui, Zhou Li, Phase-I employee stock ownership plan	Letter of commitment on lock-up period	<p>After the completion of the transaction (starting from the date of the listing of shares issued in this transaction), the company/I/the plan shall not transfer the shares with rights and interests of Yaxia Auto within 36 months .</p> <p>After the completion of the transaction, the shares held by the Company/I/the plan, derived from Yaxia Auto shares due to the distribution of stock dividends and the conversion of capital reserve to share capital shall also comply with the above-mentioned arrangement of restricted sale of shares.</p> <p>If the China Securities Regulatory Commission and/or Shenzhen Stock Exchange have/has other provisions for the above-mentioned lock-up period arrangement , the company/I/the plan will adjust and implement the above-mentioned lock-up period arrangement according to the latest regulations of the China Securities Regulatory Commission and/or Shenzhen Stock Exchange.</p> <p>If violating the above commitments, the company/I/the plan will bear all losses caused to Yaxia Auto.</p>	May 4, 2018	Jan. 31, 2022	Under normal implementation
Li Yongxin	Letter of Commitment on lock-up period for subscription of shares	<p>1. The shares of the listed Company subscribed by myself in this transaction shall not be transferred or dealt with in any other forms within 36 months from the date of the listing of the shares. Within 6 months after the listing of the shares, if the closing price of the listed company stock is lower than the issue price for consecutive 20 trading days , or the closing price of the stock at the end of the 6 months after the listing of the shares is lower than the issue price, the lock-up period of consideration shares acquired by myself shall be automatically extended for 6 months. (If dividend or bonus shares distribution, conversion of capital reserve or allotment by the listed company occurred during the above-mentioned period, the aforementioned issue price shall be calculated based on the price adjusted by factors as ex-dividend and ex-rights, etc.)</p> <p>2. As the transferee of 72,696,561 Yaxia Auto shares held by Anhui Yaxia Industrial Co., Ltd., I shall not transfer</p>	Apr. 27, 2018	Jan. 31, 2022	Under normal implementation

		<p>such shares within 36 months from the registration date of such shares in my securities account.</p> <p>3. The aforesaid arrangement of share lock-up does not affect the implementation of profit compensation for this transaction, that is, when I need to make profit compensation, the listed company has the right to relieve the lock-up of shares in corresponding amount in advance for profit compensation.</p> <p>4. I promise to abide by the following provision: if the transaction is investigated by judiciary authorities or the China Securities Regulatory Commission on suspicion of misrepresentations, misleading statements, or material omissions in regard to the information provided or disclosed, the shares of the listed Company acquired in this transaction shall not be transferred until the conclusion of the investigation is clarified.</p> <p>5. After the completion date of this transaction, my increased shares due to bonus shares distribution or conversion of capital reserve of the listed Company shall also comply with the foregoing requirements.</p> <p>6. If the aforementioned lock-up period arrangement does not comply with the latest laws and regulations and the latest regulatory requirements of the securities regulatory institution, I agree to implement the arrangement in accordance with the latest laws and regulations and the requirements of the regulatory agency.</p> <p>7. After the lock-up period expires, it will be implemented in accordance with the relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange.</p>			
Lu Zhong Fang	Letter of commitment on lock-up period for subscription of shares	<p>1. The shares of the listed Company subscribed by myself in this transaction shall not be transferred or dealt with in any other forms within 36 months from the date of the listing of the shares. Within 6 months after the listing of the shares, if the closing price of the listed company stock is lower than the issue price for consecutive 20 trading days, or the closing price of the stock at the end of the 6 months after the listing of the shares is lower than the issue price, the lock-up period of consideration shares acquired by myself shall be automatically extended for 6 months. (If dividend or bonus shares distribution, conversion of capital reserve or allotment by the listed company occurred during the above-mentioned period, the aforementioned issue price shall be calculated based on the price adjusted by factors as ex-dividend and ex-rights,</p>	Apr. 27, 2018	Jan. 31, 2022	Under normal implementation

		<p>etc.)</p> <p>2. The aforesaid arrangement of share lock-up does not affect the implementation of profit compensation for this transaction, that is, when I need to make profit compensation, the listed company has the right to relieve the lock-up of shares in corresponding amount in advance for profit compensation.</p> <p>3. I promise to abide by the following provision: if the transaction is investigated by judiciary authorities or the China Securities Regulatory Commission on suspicion of misrepresentations, misleading statements, or material omissions in regard to the information provided or disclosed, the shares of the listed Company acquired in this transaction shall not be transferred until the conclusion of the investigation is clarified.</p> <p>4. After the completion date of this transaction, my increased shares due to bonus shares distribution or conversion of capital reserve of the listed Company shall also comply with the foregoing requirements.</p> <p>5. If the aforementioned lock-up period arrangement does not comply with the latest laws and regulations and the latest regulatory requirements of the securities regulatory institution, I agree to implement the arrangement in accordance with the latest laws and regulations and the requirements of the regulatory agency.</p> <p>6. After the lock-up period expires, it will be implemented in accordance with the relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange.</p>			
Kerui Technology Innovation	Letter of commitment on lock-up period for subscription of shares	<p>1. The shares of the listed Company subscribed by Kerui Technology Innovation in this transaction shall not be transferred or dealt with in any other forms within 36 months from the date of the listing of the shares. Within 6 months after the listing of the shares, if the closing price of the listed company stock is lower than the issue price for consecutive 20 trading days, or the closing price of the stock at the end of the 6 months after the listing of the shares is lower than the issue price, the lock-up period of consideration shares acquired by Kerui Technology Innovation shall be automatically extended for 6 months. (If dividend or bonus shares distribution, conversion of capital reserve or allotment by the listed company occurred during the above-mentioned period, the aforementioned issue price shall be calculated based on the price adjusted by factors as ex-dividend and ex-rights,</p>	Jul. 27, 2018	Jan. 31, 2022	Under normal implementation

		<p>etc.)</p> <p>2. The enterprise promises to abide by the following provision: if the transaction is investigated by judiciary authorities or the China Securities Regulatory Commission on suspicion of misrepresentations, misleading statements, or material omissions in regard to the information provided or disclosed, the shares of the listed Company acquired in this transaction shall not be transferred until the conclusion of the investigation is clarified.</p> <p>3. After the completion date of this transaction, the increased shares that the enterprise owns due to bonus shares distribution or conversion of capital reserve of the listed Company shall also comply with the foregoing requirements.</p> <p>4. If the aforementioned lock-up period arrangement does not comply with the latest laws and regulations and the latest regulatory requirements of the securities regulatory institution, the enterprise agrees to implement the arrangement in accordance with the latest laws and regulations and the requirements of the regulatory agency.</p> <p>5. After the lock-up period expires, it will be implemented in accordance with the relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange.</p>			
Aerospace Industry, Guangyin Venture	Letter of commitment on lock-up period for subscription of shares	<p>1. The shares of the listed Company subscribed by Kerui Technology Innovation in this transaction shall not be transferred or dealt with in any other forms within 36 months from the date of the listing of the shares. Within 6 months after the listing of the shares, if the closing price of the listed company stock is lower than the issue price for consecutive 20 trading days, or the closing price of the stock at the end of the 6 months after the listing of the shares is lower than the issue price, the lock-up period of consideration shares acquired by Kerui Technology Innovation shall be automatically extended for 6 months. (If dividend or bonus shares distribution, conversion of capital reserve or allotment by the listed company occurred during the above-mentioned period, the aforementioned issue price shall be calculated based on the price adjusted by factors as ex-dividend and ex-rights, etc.)</p> <p>2. The enterprise promises to abide by the following provision: if the transaction is investigated by judiciary authorities or the China Securities Regulatory</p>	Jul. 27, 2018	Jan. 31, 2021	The Company's shares held by the Aerospace Industry and Guangyin Venture were listed for circulation on February 1, 2021, the shareholders'

		<p>Commission on suspicion of misrepresentations, misleading statements, or material omissions in regard to the information provided or disclosed, the shares of the listed Company acquired in this transaction shall not be transferred until the conclusion of the investigation is clarified.</p> <p>3. After the completion date of this transaction, the increased shares that the enterprise owns due to bonus shares distribution or conversion of capital reserve of the listed Company shall also comply with the foregoing requirements.</p> <p>4. If the aforementioned lock-up period arrangement does not comply with the latest laws and regulations and the latest regulatory requirements of the securities regulatory institution, the enterprise agrees to implement the arrangement in accordance with the latest laws and regulations and the requirements of the regulatory agency.</p> <p>5. After the lock-up period expires, it will be implemented in accordance with the relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange.</p>			share lock-up commitments had been fulfilled
<p>Wang Zhendong, Guo Shihong, Liu Bin, Zhang Yongsheng, Yang Shaofeng, Zhang Zhi'an</p>	<p>Letter of commitment on lock-up period for subscription of shares</p>	<p>1. The shares of the listed Company subscribed by myself in this transaction shall not be transferred or dealt with in any other forms within 36 months from the date of the listing of the shares. Within 6 months after the listing of the shares, if the closing price of the listed company stock is lower than the issue price for consecutive 20 trading days, or the closing price of the stock at the end of the 6 months after the listing of the shares is lower than the issue price, the lock-up period of consideration shares acquired by myself shall be automatically extended for 6 months. (If dividend or bonus shares distribution, conversion of capital reserve or allotment by the listed company occurred during the above-mentioned period, the aforementioned issue price shall be calculated based on the price adjusted by factors as ex-dividend and ex-rights, etc.)</p> <p>2. The aforesaid arrangement of share lock-up does not affect the implementation of profit compensation for this transaction, that is, when I need to make profit compensation, the listed company has the right to relieve the lock-up of shares in corresponding amount in advance for profit compensation.</p> <p>3. I promise to abide by the following provision: if the transaction is investigated by judiciary authorities or the</p>	<p>Jul. 27, 2018</p>	<p>Jan. 31, 2021</p>	<p>The Company's shares held by Wang Zhendong, Guo Shihong, Liu Bin, Zhang Yongsheng, Yang Shaofeng, and Zhang Zhi'an were listed for circulation on February 1,</p>

		<p>China Securities Regulatory Commission on suspicion of misrepresentations, misleading statements, or material omissions in regard to the information provided or disclosed, the shares of the listed Company acquired in this transaction shall not be transferred until the conclusion of the investigation is clarified.</p> <p>4. After the completion date of this transaction, my increased shares due to bonus shares distribution or conversion of capital reserve of the listed Company shall also comply with the foregoing requirements.</p> <p>5. If the aforementioned lock-up period arrangement does not comply with the latest laws and regulations and the latest regulatory requirements of the securities regulatory institution, I agree to implement the arrangement in accordance with the latest laws and regulations and the requirements of the regulatory agency.</p> <p>6. After the lock-up period expires, it will be implemented in accordance with the relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange.</p>			2021, the shareholders' share lock-up commitments have been fulfilled
Offcn Partnership	Letter of commitment on the lock-up of shares	<p>Within 36 months from the date of the transfer of 80,000,000 shares of Yaxia Auto held by Anhui Yaxia Industrial Co., Ltd. to the enterprise, the shares shall not be transferred. The lock-up period of the shares increased during the above period due to bonus shares distribution, conversion of capital reserve or allotment of shares by Yaxia Auto, shall also comply with the foregoing requirements.</p> <p>If the enterprise violates commitments listed above, it will bear all losses caused to Yaxia Auto.</p>	Apr. 27, 2018	Jan. 31, 2022	Under normal implementation
Li Yongxin and other 10 counterparties	Letter of commitment on the lock-up of Offcn Partnership's contribution shares	<p>Within 36 months from the date of the transfer of 80,000,000 shares of Yaxia Auto held by Anhui Yaxia Industrial Co., Ltd. to Beijing Offcn Future Information Consulting Center (Limited Partnership), I or the enterprise shall not in any way transfer the shares of Beijing Offcn Future Information Consulting Center (Limited Partnership) or withdraw from the partnership with Beijing Offcn Future Information Consulting Center (Limited Partnership), nor do we transfer, assign or authorize other entities in any way to fully or partially have the rights and interests indirectly related to the shares of Yaxia Industrial Co., Ltd. held by Beijing Offcn Future Information Consulting Center (Limited Partnership).</p>	Jul. 27, 2018	Jan. 31, 2022	Under normal implementation
Li Yongxin Lu Zhongfang Wang Zhendong Offcn Partnership	Letter of commitment on maintaining independence of the listed Company	<p>I. Guarantee the independence of the listed Company's personnel</p> <p>(1) It is guaranteed that after the completion of this transaction, the personnel, human resources and remuneration management of the listed Company shall be</p>	April 27, 2018	Long-term	Under implementation normally

	<p>completely independent from myself/Offcn Partnership, and from other related parties, such as companies, enterprises or economic organizations, controlled by myself/Offcn Partnership.</p> <p>(2) It is guaranteed that after the completion of this transaction, senior executives shall work as full-time employees and receive remuneration in the listed Company. They shall not hold any positions other than directors or supervisors in other companies, enterprises, or economic organizations controlled by myself/Offcn Partnership.</p> <p>(3) It is guaranteed that after the completion of this transaction, the official powers of the shareholders' meeting and board of directors on personnel appointments and dismissals shall not be interfered.</p> <p>II. Guarantee the independence of institutes of the listed Company</p> <p>(1) It is guaranteed that after the completion of this transaction, the listed Company shall build a sound structure of corporate governance and develop an independent and complete organizational structure.</p> <p>(2) It is guaranteed that after the completion of this transaction, the general meeting of shareholders, the board of directors, and the board of supervisors shall independently exercise their powers in accordance with laws, regulations and the Company's <i>Articles of Corporation</i>.</p> <p>III. Guarantee the independence and completeness of the assets of the listed Company.</p> <p>(1) It is guaranteed that after the transaction, the listed Company shall have independent and complete assets related to production and operation.</p> <p>(2) It is guaranteed that after the completion of this transaction, the business premises of the listed Company shall be independent from myself/Offcn Partnership, and other related parties, such as companies, enterprises, or other economic organizations controlled by myself/Offcn Partnership.</p> <p>(3) It is guaranteed that after the completion of this transaction, except for normal business dealings, there shall be no capital and assets of the listed Company occupied by myself/Offcn Partnership, and other related parties, such as companies, enterprises or economic organizations, controlled by myself or Offcn Partnership.</p>			
--	--	--	--	--

		<p>IV. Guarantee the independence of the listed Company’s business.</p> <p>(1) It is guaranteed that after the completion of this transaction, the listed Company shall have the qualifications of independently conducting business activities and the capabilities of running market-oriented, independent, autonomous, sustainable business.</p> <p>(2) It is guaranteed that after the completion of this transaction, I/Offcn Partnership, or other related parties, such as companies, enterprises, or other economic organization controlled by myself/Offcn Partnership shall avoid businesses which have a competitive relationship with the listed Company and its subsidiaries.</p> <p>(3) It is guaranteed that after the completion of this transaction, I/Offcn Partnership, or related parties, such as companies, enterprises, or other economic organizations controlled by myself/Offcn Partnership shall reduce related-party transactions with the listed Company and its subsidiaries. Related-party transactions that are really necessary and unavoidable shall be conducted in a market-oriented and fairly way and perform relevant approval processes and information disclosure obligations in accordance with relevant laws, regulations and regulatory documents.</p> <p>V. Guarantee the financial independence of the listed Company.</p> <p>(1) It is guaranteed that after the completion of this transaction, the listed Company shall establish an independent financial department with independent financial accounting systems and standardized and independent financial accounting rules.</p> <p>(2) It is guaranteed that after the completion of this transaction, the listed Company shall open bank accounts independently and shall not share bank accounts with myself/Offcn Partnership/other related parties, such as companies, enterprises or other economic organizations controlled by myself or Offcn Partnership.</p> <p>(3) It is guaranteed that after the completion of this transaction, financial personnel hired by the listed Company shall not hold any part-time positions in other related parties, such as companies, enterprises or other economic organizations controlled by myself or Offcn Partnership</p> <p>(4) It is guaranteed that after the completion of this</p>			
--	--	--	--	--	--

		<p>transaction, the listed Company can make financial decisions independently. I/Offcn Partnership shall not interfere with the use of funds by the listed Company.</p> <p>(5) It is guaranteed that after the completion of this transaction, the listed Company will pay taxes independently according to laws.</p> <p>I/Offcn Partnership shall be liable for all losses caused to the listed Company and its subsidiaries due to my/Offcn Partnership's failure in fulfilling the above commitments.</p>			
Li Yongxin, Lu Zhongfang	Letter of Commitment on avoiding horizontal competition	<p>1. As of the date of signing this commitment letter, myself, my close relatives and other companies, enterprises or economic organizations controlled by myself and my close relatives, except for Beijing Offcn Online Education Technology Co., Ltd. (hereinafter referred to as Offcn Online), controlled by my relatives Xuhua and Lu Yan, and its affiliated schools which are involved in the same or similar businesses conducted by Offcn Ltd., other related parties are not involved in any same, similar or related businesses conducted by the listed Company, Offcn Ltd. and its affiliated companies and schools. Except for serving as a director in Kunming Wuhua Offcn training school, which is affiliated to Offcn Online, Li Yongxin neither holds any full-time or part-time positions nor provides consultancy at any companies or enterprises, which conducts competitive businesses with the listed Company, Offcn Ltd. and their affiliates. I also do not directly or indirectly hold any equity or shares of companies or enterprises conducting the same, similar or related businesses as the listed Company, Offcn Ltd. and its affiliates.</p> <p>2. As of the date of signing this commitment letter, Offcn Online and its two subordinate training schools' disposals are as follow: Offcn Online conducts no education businesses (to be canceled after subordinate schools transferred). Kairuier Training School in Haidian District of Beijing is to be transferred to an unrelated third party and the transfer agreement has been signed. If the transfer is not completed within 24 months since the date of signing this commitment letter, I will urge Offcn Online to cancel the Kairuier Training School in Haidian District of Beijing. Kunming Wuhua Offcn Training School, associated with Offcn Online, has been closed and it will be transferred to an unrelated third party or will be canceled within 12 months after the revised <i>Regulations for the Implementation of the Law on the Promotion of</i></p>	Sept. 20, 2018	<p>1. The transfer of Kairuier Training School in Haidian District of Beijing: within 24 months from the date of the signing of this letter of commitment</p> <p>2. The transfer of Kunming Wuhua Offcn Training School: within 12 months after the revised <i>Regulations of Implementation</i> officially promulgated and implemented and supporting regulations formulated by relevant</p>	As of the end of the reporting period, Kairuier Training School in Haidian District of Beijing had been transferred to an unrelated third party. Other commitments are under normal implementation

	<p><i>Private Education of the People's Republic of China</i> (hereinafter referred to as <i>Regulations of Implementation</i>) is officially promulgated and implemented and supporting regulations formulated by relevant local education authorities in accordance with the revised Regulations of Implementation comes into effect.</p> <p>3. As of the date of signing this commitment letter, Offcn Ltd. as the organizer intends to transfer its 100% of the organizer's rights of 33 private schools for non-academic qualifications to Li Yongxin and signed the <i>Agreement on Transfer of Organizer's Rights of Private Schools for Non-Academic Qualifications Affiliated to Beijing Offcn Education Technology Co., Ltd.</i> Li Yongxin is willing to entrust the transferred 33 private schools for non-academic qualifications to Offcn Ltd. and signed the <i>Trusteeship Agreement of Private Schools for Non-academic Qualifications</i>.</p> <p>4. After the completion of transaction, except for the above-mentioned cases, I promise that during the time of being the actual controller of the listed Company, I, my close relatives and other related parties, such as companies, enterprises or other economic organizations, controlled by myself and my close relatives shall not in any way (including but not limited to self operated or with other parties to operate joint venture, cooperation, joint operation, investment, mergence, and trustee operation home and aboard) engage in the same, similar, related and competitive businesses with the listed Company, which includes the follows:</p> <p>(1) I will not directly or indirectly operate, participate in or assist others to conduct same, similar businesses or other economic activities which directly or indirectly constitute a competitive relationship with businesses currently operated by the listed Company and its affiliated companies.</p> <p>(2) I will not directly or indirectly invest on any economic entities whose businesses constitute a direct or indirect competitive relationship with the listed Company and its affiliates.</p> <p>(3) I will not be hired by any competitors that directly or indirectly compete with the listed Company and its affiliates, or provide any advice, assistance or business opportunities directly or indirectly to such competitors;.</p> <p>(4) I will not instigate, mislead, encourage or otherwise</p>		local education authorities in accordance with the revised Regulations of Implementation comes into effect.	
--	--	--	---	--

		<p>induce, persuade, or coerce the employees or management personnel in the listed Company and its affiliates to terminate their labor or employment relationship with the Company and its affiliates.</p> <p>(5) I will not urge others to hire employees or management personnel from the listed Company and its affiliates.</p> <p>5. I promise that if I, my close relatives and other related parties, such as companies, enterprises or other economic organizations controlled by myself and my close relatives obtain any business opportunities from any third party, which can or may compete with the listed Company and its affiliates in the future, I will notify the listed Company and its affiliates in writing within 5 working days. After obtaining the third party's promise, I will attempt to transfer these business opportunities to the listed Company and its affiliates.</p> <p>6. I guarantee that I would never use my knowledge about and the information I'm aware of the listed Company and its affiliates to assist third parties to engage, participate, or invest in businesses or projects that compete with the listed companies and its affiliates.</p> <p>7. If I violate the above commitments, the benefits obtained by the violation of commitments shall belong to the listed Company and I shall be liable for all losses caused to the listed Company and its affiliates. Within 30 working days since receiving the writing notice from the listed Company, compensation will be made in cash.</p> <p>8. I will disclose relevant information in a timely manner if commitments fail to be fulfilled or to be fulfilled on schedule because of objective reasons, such as changes in relevant laws, regulations and policies, or natural disasters. Except for the above-mentioned objective reasons, if the commitment is anyhow unable to be fulfilled or fulfilling the commitment is not conducive to safeguarding the rights and interests of the listed Company, I should fully disclose the reasons and either provide a new commitment to the listed Company and related investors to replace the original one, or propose an exemption from fulfilling the commitment.</p> <p>9. The commitment is valid from the date when the commit letter is signed to the time when I cease to be the actual controller of the listed Company.</p>			
Wang Zhendong, Offcn Partnership	Letter of Commitment on avoiding horizontal competition	<p>1. As of the date of signing this letter of commitments, I, my close relatives, related parties, such as companies, enterprises or other economic organizations controlled by myself and my close relatives, Offcn Partnership and related parties, such as other enterprises or economic organizations controlled by Offcn Partnership, participate in no businesses which are the same, similar or related</p>	April 27, 2018	Long-term	Under normal implementation

		<p>to businesses competing with the listed Company, Offcn Ltd. and their affiliated companies and schools. Except for serving as a director at Beijing Haidian District Kairuier Training School, affiliated to Offcn Online (Offcn Online tends to transfer the rights of Kairuier Training School to an unrelated third party and after this transfer, Wang Zhendong will not hold the post as a director.), I neither holds any full-time or part-time positions nor provides consultancy at any companies or enterprises which conducts competitive businesses with the listed Company, Offcn Ltd. and their affiliates. I do not directly or indirectly hold the equity of an company or entity that runs the same, similar or relevant business engaged by the listed Company, Offcn Ltd. and its affiliates.</p> <p>2. After the completion of transaction, I/Offcn Partnership promise that during the time of being shareholders of the listed Company, I, my close relatives and other related parties, such as companies, enterprises or other economic organizations, controlled by myself and my close relatives, Offcn Partnership and related parties, such as other enterprises or economic organizations controlled by Offcn Partnership, shall not in any way (including but not limited to self operated or with other parties to operate joint venture, cooperation, joint operation, investment, merger, and trustee operation home and abroad) engage in the same, similar, related and competitive businesses with the listed Company, which includes the follows:</p> <p>I will not directly or indirectly operate, participate in or assist others to conduct same, similar businesses or other economic activities which directly or indirectly constitute a competitive relationship with businesses currently operated by the listed Company and its affiliated companies.</p> <p>2. I will not directly or indirectly invest on any economic entities whose businesses constitute a direct or indirect competitive relationship with the listed Company and its affiliates.</p> <p>3. I will not be hired by any competitors that directly or indirectly compete with the listed Company and its affiliates, or provide any advice, assistance or business opportunities directly or indirectly to such competitors;</p> <p>4. I will not instigate, mislead, encourage or otherwise induce, persuade, or coerce the</p>			
--	--	--	--	--	--

		<p>employees or management personnel in the listed Company and its affiliates to terminate their labor or employment relationship with the Company and its affiliates. 5. I will not urge others to hire employees or management personnel from the listed Company and its affiliates.</p> <p>3. I/Offcn Partnership promise that if I, my close relatives and other related parties, such as companies, enterprises or other economic organizations controlled by myself and my close relatives, Offcn Partnership and related parties, such as other enterprises or economic organizations controlled by Offcn Partnership, obtain any business opportunities from any third party, which can or may compete with the listed Company and its affiliates in the future, I/Offcn Partnership will immediately notify the listed Company. After obtaining the third party's promise, I will attempt to transfer these business opportunities to the listed Company and its affiliates.</p> <p>4. I guarantee that I would never use my knowledge about and the information I'm aware of the listed Company and its affiliates to assist third parties to engage, participate, or invest in businesses or projects that compete with the listed companies and its affiliates.</p> <p>If I/Offcn Partnership shall be liable for all losses caused to the listed Company and its affiliates due to my/Offcn Partnership's failure in fulfilling commitments.</p>			
Li Yongxin, Lu Zhongfang	Letter of Commitment on reducing and regulating related-party transactions	<p>1. After the transaction is completed, during the time of being the actual controller of the listed Company, I, my close relatives and other companies, enterprises or other economic organizations controlled by myself, my close relatives will try to avoid and reduce the related-party transactions with the listed Company and its affiliates; unless it is necessary for the business development of the listed Company, any related-party transactions with the listed Company and its affiliates will not be conducted.</p> <p>2. After the transaction is completed, for the related-party transactions which are unavoidable or reasonable to happen with the listed Company and its affiliates, I, my close relatives and other companies, enterprises or economic organizations controlled by myself and my close relatives, will sign related-party transaction agreements with the listed Company and its affiliates in accordance with the relevant laws, regulations and regulatory documents and follow the general business principles of equality, willingness, equivalence and paid-use. The prices of related-party transactions shall be fair. Decision-making procedures, lawful information</p>	Jul. 27, 2018	Long-term	Under normal implementation

		<p>disclosure obligations and relevant reporting and approval procedures regarding the related-party transactions, shall be followed. The status of shareholders shall not be used to damage the legitimate rights and interests of the listed Company and other shareholders.</p> <p>3. After the completion of the transaction, I will not use the shareholders' rights of the listed Company to manipulate or instruct the listed Company or its directors, supervisors and senior executives to make the listed Company provide or accept funds, commodities, services or other assets under unequal conditions or engage in any behaviors that would damage the interests of the listed companies.</p> <p>4. I will urge my close relatives and other companies, enterprises and other economic organizations controlled by myself and my close relatives to abide by the aforementioned commitments.</p> <p>5. If I, my close relatives and other companies, enterprises and other economic organizations controlled by myself and my close relatives violate the above commitments, the profits obtained by the violation of commitments belong to the listed Company, and I shall be liable for all losses caused to the listed Company and its affiliates. Within 30 working days since receiving the written notice from the listed Company, compensation will be made in cash.</p> <p>6. The commitment is valid from the date when it is signed to the time when I cease to be the actual controller of Yaxia Auto and there is no other related relationship with Yaxia Auto.</p>			
<p>Wang Zhendong, Aerospace Industry, Offcn Partnership</p>	<p>Letter of Commitment on reducing and regulating related-party transactions</p>	<p>1. After the completion of transaction, during the period of being the actual controller/shareholder, I, my close relatives and other companies, enterprises or other economic organizations controlled by myself, my close relatives, Aerospace Industry or Offcn Partnership, will try to avoid and reduce the related-party transactions with the listed Company.</p> <p>2. After the transaction is completed, for the related-party transactions which are unavoidable or reasonable to happen with the listed Company and its affiliates, myself, my close relatives and other companies, enterprises or economic organizations controlled by myself and my close relatives, Aerospace Industry or Offcn Partnership, will sign related-party transaction agreements with the listed Company and its affiliates in accordance with the relevant laws, regulations and regulatory documents and follow the general business principles of equality, willingness, equivalence and paid-use. The prices of</p>	<p>April 27, 2018</p>	<p>Long-term</p>	<p>Under normal implementation</p>

	<p>related-party transactions shall be fair. Decision-making procedures, lawful information disclosure obligations and relevant reporting and approval procedures regarding the related-party transactions, shall be followed. The status of shareholders shall not be used to damage the legitimate rights and interests of the listed Company and other shareholders.</p> <p>3. After the completion of the transaction, I/Aerospace Industry/Offcn Partnership will not use the shareholders' rights of the listed Company to manipulate or instruct the listed Company or the directors, supervisors and senior executives of the listed Company to make the listed Company provide or accept funds, commodities, services or other assets in different forms under unequal conditions or engage in any behaviors that would damage the interests of listed companies.</p> <p>I/Aerospace Industry/Offcn Partnership shall be liable for all losses caused to the listed Company and its affiliates due to my/Aerospace Industry's/Offcn Partnership's failures in fulfilling commitments.</p>			
Whether the commitments are fulfilled on time	Yes			

2. Should there be any profit forecast for any of the Company's assets or projects and the current reporting period is still within the forecast period, the Company shall explain whether the performance of the asset or project matches with the profit forecast and why.

√ Applicable Not applicable

Profit forecast asset or project name	Forecast start time	Forecast end time	Current forecast performance(Thousand Yuan)	Current actual performance(Thousand Yuan)	Reasons for not meeting the forecast (if applicable)	Original forecast disclosure date	Original forecast disclosure index
The profit forecast of Beijing Offcn Education Technology Co., Ltd., the target Company of	Jan. 1, 2018	Dec. 31, 2020	1,650,000.00	1,902,679.99	Not applicable	May. 5, 2018	<i>Report of Major Assets Replacement and Issuance of Shares to Purchase Assets and Related-Part</i>

this major asset restructuring (net profits after deducting non-recurring profits and losses from the scope of the consolidated statement)							y <i>Transactions (Draft)</i> (http://www.cninfo.com.cn)
--	--	--	--	--	--	--	---

Commitments made by the Company's shareholders and counterparties in the reporting year's operating performance

√ Applicable Not applicable

According to the *Profit Forecast Compensation Agreement* signed by the listed Company and 8 performance compensation obligors including Li Yongxin, the performance compensation period for this transaction is the years of 2018, 2019 and 2020. The performance compensation obligor committed that after the implementation of this major assets restructuring, the net profits attributable to the owners of the parent company after deducting non-recurring profits and losses in the scope of the consolidated statements of Beijing Offcn for the years of 2018, 2019 and 2020 shall not be less than RMB 930.00 million, RMB 1.30 billion, and RMB 1.65 billion.

The listed Company shall, after the completion of the transaction, hire an accounting firm with securities business qualifications to issue a special audit report on the actual net profits after deducting non-recurring profits and losses of Beijing Offcn during the current period. If the actual net profit (accumulated data) of Beijing Offcn during the profit compensation period as of the end of each fiscal year fails to reach the committed net profit (accumulated data), compensation obligors who made the performance commitments shall perform the compensation obligation in accordance with the *Profit Forecast and Compensation Agreement*.

During the reporting period, the net profits after deducting non-recurring profits and losses of Offcn Ltd. was RMB 1.90 billion in 2020. Compared with the committed net profit, the actual net profit of Offcn Ltd. in 2020 was increased by 115.31%. Offcn Ltd. fulfilled its 2020 annual performance commitment.

The total net profits after deducting non-recurring profits and losses of Offcn Ltd. for the years of 2018-2020 is RMB 4.74 billion. Compared with the committed net profit of RMB 3.89 billion, the actual net profit of Offcn Ltd. for the years of 2018-2020 is increased by 122.28%.

The completion of performance commitments and its impact on the impairment test

Not applicable

Section IV. The non-operating capital occupation of the listed Company by the controlling shareholder and its related parties

Applicable √ Not applicable

During the reporting period, there was no non-operating capital occupation of the listed Company by the controlling shareholder and its related parties.

Section V. Explanation of the board of directors, board of supervisors, and independent directors on the non-standard audit report of the accounting firm for the reporting period

Applicable Not applicable

Section VI. Compared with the financial report of the previous year, the explanation of the changes in accounting policies, accounting estimates and accounting methods

Applicable Not applicable

On July 5, 2017, the Ministry of Finance revised and issued the *Accounting Standards for Business Enterprises No. 14-Revenue*. According to the requirements of the Ministry of Finance, such standards should be implemented on January 1, 2018 for companies that are listed both at home and abroad and companies that are listed overseas and adopt International Financial Reporting Standards or Accounting Standards for Business Enterprises to prepare financial statements; on January 1, 2020 for other domestic listed companies; and on January 1, 2021 for non-listed companies that implement the Accounting Standards for Business Enterprises.

The Company's tenth session of the fifth board of directors held on March 9, 2020 approved the adoption of the *Accounting Standards for Business Enterprises No. 14-Revenue* (Finance Accounting [2017] No. 22) from January 1, 2020. According to the cumulative impact, the amount of retained earnings at the beginning of the year and other related items in the financial statements shall be adjusted, while the data in the comparable period shall not.

Changes in accounting policies have no impact on the financial statements of the parent company.

The implementation of this new accounting policy is not expected to have an impact on the Company's operating results, nor will it cause a major change in the Company's revenue recognition method, and will not have a major impact on the financial statements.

Section VII. Explanation of the situation in which the correction of major accounting errors occurs during the reporting period and needs to be retrospectively restated

Applicable Not applicable

There is no such situation of correction of major accounting errors requiring to be retrospectively restated in the Company during the reporting period.

Section VIII. Explanation of the changes in the scope of the consolidated statement compared with the financial statements of the previous year

Applicable Not applicable

Full name of subsidiary	Ratio of shareholding(%)	Reasons for changes
1. Beijing Offcn Future Education Technology Co., Ltd.	100.00	Newly established
2. Beijing Offcn Future Research Education Technology Co., Ltd.	100.00	Newly established
3. Shaanxi Offcn Education Technology Co.,Ltd.	100.00	Newly established
4. Chengdu Offcn Future Education Training School Co.,Ltd.	100.00	Newly established
5. Wuhu Offcn Training School Co.,Ltd.	100.00	Newly established
6. Wuhan Guoshang Human Resource Service Co.,Ltd.	100.00	Newly established

7. Jinan Zhangqiu Offcn Training School Co.,Ltd.	100.00	Newly established
8. Mengzi Offcn Education Training Co.,Ltd.	100.00	Newly established
9. Beijing Offcn Technology Development Co.,Ltd.	100.00	Newly established
10. Shanghai Offcn Education Technology Co.,Ltd.	100.00	Newly established
11. Guangzhou Offcn Intelligence Education Technology Co.,Ltd.	100.00	Newly established
12. Pingshan Offcn Education Technology Co.,Ltd.	100.00	Newly established
13. Shandong Offcn Education Training School Co.,Ltd.	100.00	Newly established
14. Lanzhou Offcn Education Training School Co.,Ltd.	100.00	Newly established

Section IX. Appointment and dismissal of the CPA firm

CPA firm appointed at present

Name of the CPA firm	Baker Tilly China Certified Public Accountants LLP
Remuneration of domestic accounting firm (Thousand Yuan)	1,800
Consecutive years of the audit service of domestic accounting firm	3 years
Name of CPA in domestic accounting firm	Zhou Baimin, Shen Xu
Consecutive years of CPA audit services of domestic accounting firms	3 years

Whether to reappoint an accounting firm in the current period

Yes No

Employment of internal control auditing accounting firms, financial consultants or sponsors

Applicable Not applicable

The Company appointed Baker Tilly China Certified Public Accountants LLP as the Company's 2020 internal control audit institution, and paid a total of RMB 1.8 million together with the audit fees for this year.

Section X. Facing delisting after the disclosure of the annual report

Applicable Not applicable

Section XI. Bankruptcy and reorganization related matters

Applicable Not applicable

There is no such situation of bankruptcy and reorganization of the Company during the reporting period.

Section XII. Major litigation and arbitration matters

Applicable Not applicable

There is no such situation of litigation and arbitration.

During the reporting period, other litigation and arbitration matters of the Company and its subsidiaries are as follows:

1. During the reporting period, the amount of litigation involved in closed cases was RMB 11,260.55 thousand yuan, and the actual amount of judgments in effective legal documents was approximately RMB 1,627.51 thousand yuan. The results of the litigation had no significant impact on the Company's operations;

2. At the end of the reporting period, the amount of litigation involved in unsettled cases was RMB 11,291.71 thousand yuan, and the amount of litigation involved in pending cases accounted for 0.26% of the audited net assets attributable to shareholders of the listed Company in 2020, which had no significant impact on the Company's operations.

Section XIII. Punishment and rectification

Applicable Not applicable

There is no such situation of punishment and rectification of the Company during the reporting period

Section XIV. Integrity of the Company and its controlling shareholders and actual controllers:

Applicable Not applicable

Section XV. Implementation of the Company's equity incentive plan, employee stock ownership plan or other employee incentive measures

Applicable Not applicable

There is no such situation of the Company's equity incentive plan, employee stock ownership plan or other employee incentive measures.

Section XVI. Significant related transactions

1. Related-party transactions relevant to routine operations

Applicable Not applicable

There is no such situation of related-party transactions relevant to routine operations of the Company during the reporting period.

2. Related party transactions arising from acquisition and sale of assets or equity

Applicable Not applicable

There is no such situation of related-party transactions arising from acquisition and sale of assets or equity of the Company during the reporting period.

3. Related-party transactions of joint foreign investments

Applicable Not applicable

There is no such situation of related-party transactions of joint foreign investments of the Company during the reporting period.

4. Related credit and debt transactions

Applicable Not applicable

There is no such situation of Related credit and debt transactions of the Company during the reporting period.

5. Other significant related-party transactions

√ Applicable Not applicable

On December 12, 2018, Li Yongxin signed an agreement with Beijing Sidaokou Sub-branch of Hua Xia Bank Co., Ltd. to provide a personal maximum guarantee of RMB 570,000,000.00 for the short-term loan of Offcn Ltd.. The contract number is YYB76 (max-guarantee)20180023, and the period of the main creditor's rights guaranteed by the contract was from December 7, 2018 to December 7, 2019.

On January 9, 2019, Offcn Ltd. signed a loan contract of RMB 360,000,000.00 with Beijing Sidaokou Sub-branch of Huaxia Bank Co., Ltd., with the contract number YYB7610120180014, and the loan period was from January 9, 2019 to January 9, 2020. The loan was settled on January 9, 2020.

Section XVII. Major contracts and their performance

1. Trusteeship, contracting and leasing matters

(1) Trusteeship situation

√ Applicable Not applicable

Explanations on trusteeship situation

On September 20, 2018, Offcn Ltd. and Li Yongxin signed *Agreement on Transfer of Organizer's Rights of Private Schools for Non-Academic Qualifications Affiliated to Beijing Offcn Education Technology Co., Ltd.*. All 100% rights of organizers as of September 20, 2018 were to be transferred to Li Yongxin. On the same day, Li Yongxin and Offcn Ltd. signed the *Trusteeship Agreement of Private Schools* stipulating that Li Yongxin would entrust the transferred private schools to Offcn Ltd. for management. The period of trusteeship started from the date when Li Yongxin paid all the transfer price to the day when the private schools' 100% rights of organizers were transferred to the unrelated third party or canceled (Note: within 12 months after the revised *Implementation Regulations* was officially promulgated and the relevant local education authorities passed the supporting regulations in accordance with the revised *Implementation Regulations*, Li Yongxin transferred 100% of the owner's rights to the unrelated third party or canceled them.)

Projects with trusteeship that profits or losses reached more than 10% of the total profits of the Company

Applicable √ Not applicable

There was no project with trusteeship that profits or losses reached more than 10% of the total profits of the Company during the reporting period.

(2) Contracting situation

Applicable √ Not applicable

There was no contracting situation of the Company during the reporting period.

(3) Leasing situation

Applicable √ Not applicable

There was no leasing situation of the Company during the reporting period.

2. Major guarantee

Applicable Not applicable

There was no major guarantee of the Company during the reporting period.

3. Explanations on entrusted cash assets

(1) Explanations on entrusted financial management

Applicable Not applicable

Explanations on entrusted financial management during the reporting period

Unit: RMB(10,000)

Types	Sources of entrusted financing	Amount of entrusted financing	Undue Balance	Overdue amount yet to be recovered
Bank Financial Product	Self-owned fund	730,064.80	85,246.00	0.00
Brokerage Financial Products	Self-owned fund	8,000.00	0.00	0.00
Trust Financial Products	Self-owned fund	519,953.00	27,000.00	0.00
Others	Self-owned fund	999.90	999.90	0.00
Total		1,259,017.70	113,245.90	0.00

Particulars of high-risk entrusted financial management with a large single amount, low security, poor liquidity or no capital protection

Applicable Not applicable

Entrusted financing is overdue and the principal cannot be recovered or there are other cases that may cause impairments.

Applicable Not applicable

(2) Entrusted loan situation

Applicable Not applicable

There is no entrusted loan situation of the Company during the reporting period.

4. Major contract of daily business operation

Applicable Not applicable

5. Other significant contract

Applicable Not applicable

Name of the contracting company	Name of counterparty	Contract subject	Date of contract signing	Name of evaluation agency	Pricing principle	Price of trading (10 thousand yuan)	Whether related party transaction	Relation of connection	Performance as of the end of the reporting period	Date of disclosure	Index of disclosure
Beijing Offcn Education Technology Co., Ltd.	Beijing Jingchen Ruyue Technology Development Co., Ltd.	Lease of Building A, No. 1 of Building B, No.18, 19, 21 of Building A, in East Courtyard of Daokou Village, Wangsiying Township, Chaoyang District, Beijing	Jul. 1, 2014	Not applicable	Fair price in market	9,810.87	No	No	Executing	Dec. 1, 2018	CNINFO (http://www.cninfo.com.cn) Major Asset Replacement and Issuance of Shares to Purchase Assets and Related Party Transactions Report (November 2018)
Beijing Offcn Education Technology Co., Ltd.	Beijing Jingchen Ruyue Technology Development Co., Ltd.	Lease of the facade area of Phase 2 and Phase 3, Building 2, Area C, East Courtyard, Wangsiying Township, Chaoyang District, Beijing, Building 2, Area A, Building 2, Area B, and Building 2, Area D (six buildings) Small buildings and Building No. 1 in Area D, etc.	Jan. 1, 2020	Not applicable	Fair price in market	5,056.83	No	No	Executing	—	—
Beijing Offcn Education and Technology Co., Ltd.	Beijing Guanyuan Huifeng Construction Engineering Co., Ltd.	Renovation project of branches of Offcn Education	Sept. 3, 2017	Not applicable	Fair price in market	30,000.00	No	No	Completed	Dec. 1, 2018	CNINFO (http://www.cninfo.com.cn) Major Asset Replacement and Issuance of Shares to Purchase Assets and Related Party Transactions Report (November 2018)
Beijing Offcn Education Technology Co., Ltd.	Harbin Yuheng Pharmaceutical Co., Ltd.	Lease the West Building of Hanhua Century Building, Building 1, No. 23 Xueqing Road, Haidian District, Beijing	Jun. 16, 2013	Not applicable	Fair price in market	10,753.69	No	No	Executing	Dec. 1, 2018	CNINFO (http://www.cninfo.com.cn) Major Asset Replacement and Issuance of Shares to Purchase Assets and Related Party Transactions Report (November 2018)
Beijing Offcn Education and Technology Co., Ltd.	Shenyang Lijing Mingzhu Hotel Management Co., Ltd.	Lease is located in Building No.129, Beishuncheng Road, Shenhe District, Shenyang	Jul. 1, 2016	Not applicable	Fair price in market	25,090.48	Yes	Actual control of Beijing Huiyou Zhiyuan Investment Center (Limited Partnership) controlled by the executives and core employees of Offcn Education	Executing	Dec. 1, 2018	CNINFO (http://www.cninfo.com.cn) Major Asset Replacement and Issuance of Shares to Purchase Assets and Related Party Transactions Report (November 2018)
Beijing Offcn Education and Technology Co., Ltd.	Beijing Chuangsheng Construction Decoration Engineering Co., Ltd.	Renovation Project of Offcn branches	Aug. 7, 2019	Not applicable	Fair price in market	28,674.70	No	No	Executing	—	—
Beijing Offcn Education and Technology Co., Ltd.	Beijing Huaxia Shunxin Property Management Co., Ltd.	The lease is located in Huicong Park, Qiliquman Village, Shahe Town, Changping District, Beijing	26-May-20	Not applicable	Fair price in market	29,009.51	No	No	Executing	—	—
Beijing Offcn Education and Technology Co., Ltd.	Beijing Wushuang Technology Co., Ltd.	Baidu Key Account Network Promotion Service	Mar. 27, 2020	Not applicable	Fair price in market	15,000.00	No	No	Executing	—	—

Section XVIII. Social responsibilities

1. Fulfillment of social responsibilities

For details of the Company's performance of social responsibility, please refer to the *2020 Annual Report on Social Responsibilities of OFFCN EDU* disclosed by the Company on CNINFO (www.cninfo.com) on the same day.

2. Fulfillment of the social responsibility of targeted poverty alleviation

In the reporting year, the Company has not carried out targeted poverty alleviation work, and has no subsequent targeted poverty alleviation plan.

3.Environmental protection

Whether the listed Company and its subsidiaries belong to the key pollutant discharge units announced by the environmental protection authorities

Yes No

The Company has always fulfilled its corporate social responsibility, abided by national and local environmental protection laws and regulations and emission indicators, earnestly implemented various environmental protection management systems, and continuously promoted energy conservation, emission reduction and environmental protection by promoting paperless operations. At the same time, the Company also integrates and implements the concept of environmental protection into all levels of strategic decision-making and business, encourages employees to carry out green voluntary activities, and jointly contributes to the harmonious development of society. During the reporting period, the Company did not have any violations of environmental protection laws and regulations, pollution accident disputes, and no administrative penalties for violating environmental protection laws and regulations.

Section XIX. Other significant events

Applicable Not applicable

1.The Company held the fourteenth meeting of the fifth board of directors and the second extraordinary general meeting of shareholders in 2020 on November 10, 2020 and November 26, 2020, reviewed and approved the *Proposal on a wholly-owned Subsidiary to Participate in the bidding of Land Use Right*. It approved the wholly-owned subsidiary Beijing Offcn Future Education Technology Co., Ltd. to participate in the bidding for the use rights of state-owned lands in the the first-level development project, which refer to the plot CP00-1804-0002 R2 class II residential land, and plot CP00- 1804-0012 Lot F3 other multi-functional land, located on Qiliqu Nanbei Village, Shahe Town, Changping District, Beijing.

On December 2, 2020, the wholly-owned subsidiary Beijing Offcn Future Education Technology Co., Ltd. obtained the *Letter of Transfer Confirmation for Beijing State-owned Construction Land Use Right Listed for Sale*, confirming that the wholly-owned subsidiary successfully bid for the use rights of the lands at a price of RMB 3.01billion. The Company plans to build the Company's online technology R&D center, OMO education demonstration center, R&D and teaching personnel integrated training center, national market vertical integrated response command center and innovation education headquarters on this land.

2.The Company held the Company's board of directors, board of supervisors, and the third extraordinary general meeting of shareholders in 2020 on November 23, 2020 and December 9, 2020, reviewed and approved the *Proposal on the Company's Compliance with the Conditions for Non-public Issuance of A Shares*, *Proposal on the Company's Plan of Non-Public Issuance of A Shares*, and *Proposal on the Company's Proposal of Non-Public Issuance of A Shares* and other proposals related to this non-public issuance.

On December 30, 2020, the Company announced the *Announcement on the Acceptance of Applications for Non-public Issuance of Shares by the China Securities Regulatory Commission* (Announcement No.: 2020-052).

On January 8, 2021, the Company announced the *Notice on Receiving a Feedback from the China Securities Regulatory Commission's Administrative License Project Review* (Announcement Number: 2021-002).

On January 27, 2021, the Company announced the *Report on the Reply to the Feedback Notice from the China Securities Regulatory Commission Administrative Licensing Project Review* and other documents.

On the same day, the Company also announced the adjustments to the non-public issuance plan including the *Revised Proposal for Non-public Issuance of A Shares* reviewed and approved at the 17th meeting of the Fifth Board of Directors and the 14th Meeting of the Fifth Supervisory Committee. Regarding the follow-up progress of the Company's non-public issuance of shares, the Company will perform its information disclosure obligations in a timely manner in accordance with the requirements of relevant laws and regulations.

3. The Company held the sixteenth meeting of the fifth board of directors on December 9, 2020, and the first extraordinary general meeting of shareholders in 2021 on January 25, 2021, reviewed and approved the *Proposal on the Signing of a Cooperative Customized Development and Construction Agreement for Huairou New City by wholly-owned subsidiary*. According to the agreement, Beijing Jiangong Real Estate Co., Ltd. will construct buildings of about 297.5 thousand square meters (above ground) on the multi-functional land located in Plot A, Block 08, Huairou New City, Yangsong Town, Huairou District, of which the use rights belong to Beijing Jiangong Real Estate Co., Ltd.. The construction will be done in accordance with the design and planning of Beijing Offcn, and the constructed buildings will be delivered to Beijing Offcn as its learning base in Huairou District.

For other important announcements, please refer to the following statements and indexes:

Name of announcement	Date of disclosure	Website of announcement disclosure
<i>Announcement on the Acquisition of Shaanxi Guancheng • Jiuding International Building 1</i>	2020-2-27	CNINFO (http://www.cninfo.com.cn)
<i>Announcement on the Company's 2019 profit distribution plan</i>	2020-3-10	CNINFO (http://www.cninfo.com.cn)
<i>Announcement on the estimated quota of daily related party transactions in 2020</i>	2020-3-10	CNINFO (http://www.cninfo.com.cn)
<i>Announcement on the Entrusted Financial Management of the Company and its Subsidiaries</i>	2020-3-10	CNINFO (http://www.cninfo.com.cn)
<i>Announcement on Determining the 2020 Remuneration Plan of the Company's Directors, Supervisors and Senior Management</i>	2020-3-10	CNINFO (http://www.cninfo.com.cn)
<i>Announcement on Renewing the Appointment of Accounting Firm</i>	2020-3-10	CNINFO (http://www.cninfo.com.cn)

<i>Announcement on the difference between the actual net profit and the committed net profit of Beijing Offcn Education Technology Co., Ltd. in 2019</i>	2020-3-10	CNINFO (http://www.cninfo.com.cn)
<i>Announcement on Companies and Subsidiaries Applying for Comprehensive Credit Limit from Banks</i>	2020-3-10	CNINFO (http://www.cninfo.com.cn)
<i>Announcement on Wholly-Owned Subsidiary' Intention to Participate in the Bidding of Land Use Rights</i>	2020-11-11	CNINFO (http://www.cninfo.com.cn)
<i>Proposal on Non-public Issuance of A Shares</i>	2020-11-24	CNINFO (http://www.cninfo.com.cn)
<i>Announcement on Risk Warnings and Remedial Measures for Diluting Spot Returns after Non-public Issuance of Shares and Commitments of Related Entities</i>	2020-11-24	CNINFO (http://www.cninfo.com.cn)
<i>Announcement on the Wholly-owned Subsidiary's Acquisition of Land Use Rights by Bidding</i>	2020-12-3	CNINFO (http://www.cninfo.com.cn)
<i>Announcement on the Acquisition of Equity in Liu'an Yaxia Runnan's wholly-owned Subsidiary</i>	2020-12-10	CNINFO (http://www.cninfo.com.cn)
<i>Announcement on the Signing of a Cooperative Customized Development and Construction Agreement for Huairou New City by wholly-owned subsidiary</i>	2020-12-10	CNINFO (http://www.cninfo.com.cn)
<i>Announcement on the Acceptance of Applications for Non-public Issuance of Shares by the China Securities Regulatory Commission</i>	2020-12-31	CNINFO (http://www.cninfo.com.cn)

Section XX. Significant events of the Company's subsidiaries

√ Applicable Not applicable

1. On September 27, 2019, Beijing Offcn and Offcn Future Group Co., Ltd. acquired the equity listed in the item II, No. 16 Shandong execution written order issued by Shandong Higher People's Court (2017). The equity was legally owned by the Licheng sub-branch of Jinan Rural Commercial Bank Co., Ltd. as its debt equity. The equity refers to the use rights of the land located to the south of Baiyangdian Village, Duoshi Town, Jiyang County, Jinan with a land number of 07-06-01 and a certificate number of No. 178 Jiyang state-owned (2013). The equity also includes the constructions on the land, with a land area of 880,711.4 square meters. The equity bid by Beijing Offcn will be invested in the construction of comprehensive facilities for vocational education such as one-stop learning base. Currently the issuance of the certificate of use rights of the land is being processed.

2. On January 13, 2020, Beijing Offcn and Liaoning Hanhui Industrial Co., Ltd. signed the *Future Learning City Project Cooperative Agreement*. The two parties cooperated in the development of the future learning city project. Beijing Offcn invests RMB 200 million as project deposit. Liaoning Hanhui Industrial Co., Ltd. takes the AF-LB-04-H plot of Shenfu Online-listed State-owned Land as the project construction land, completes the construction of the project to pass the acceptance test, and to obtain the property certificate.

After the project is completed and the property certificate is obtained, Beijing Offcn and Liaoning Hanhui Industrial Co., Ltd. jointly entrust a third-party appraisal agency to conduct an overall assessment of Liaoning Hanhui Industrial Co., Ltd., and use the net assets as the consideration for equity transfer. All shareholders of Liaoning Hanhui Industrial Co., Ltd. shall cooperate in the transfer of all equity held by themselves to Beijing Offcn or a subsidiary designated by Beijing Offcn. The above matters have been reviewed and approved by the Company's general manager's office.

Chapter VI. Share Changes and Shareholders

Section I. Changes in Shares

1. Changes in Shares

Unit: share(s)

	Before Change		Increase or Decrease (+ or -)					After Change	
	Number of shares	Proportion	New shares issued	Bonus shares	Conversion of equity reserves into share capital	Other	Subtotal	Number of shares	Proportion
1. Shares with trading restrictions	5,347,063,429	86.70%				72,696,561	72,696,561	5,419,759,990	87.88%
(1) Shares held by state									
(2) Shares held by state-owned legal person									
(3) Other shares held by domestic capital	5,347,063,429	86.70%				72,696,561	72,696,561	5,419,759,990	87.88%
Of which: shares held by domestic legal person	534,706,341	8.67%				0	0	534,706,341	8.67%
Shares held by domestic natural person	4,812,357,088	78.03%				72,696,561	72,696,561	4,885,053,649	79.21%
(4) Shares held by overseas capital									
Of which: shares held by overseas legal person									
Shares held by overseas natural person									
2. Shares without trading restrictions	820,335,960	13.30%				-72,696,561	-72,696,561	747,639,399	12.12%
(1) RMB ordinary shares	820,335,960	13.30%				-72,696,561	-72,696,561	747,639,399	12.12%
(2) Domestic - listed shares for oversea investors									
(3) Foreign - listed shares for overseas investors									
(4) Other									
3. Total number of shares	6,167,399,389	100.00%				0	0	6,167,399,389	100.00%

Reasons for changes in shares

Applicable Not applicable

Li Yongxin's shareholding increased by 72,696,561 shares as the executives lock stocks.

Approval of changes in shares

Applicable Not applicable

Transfer of share changes

Applicable Not applicable

Implementation progress of share repurchase

Applicable Not applicable

Progress in the implementation of the centralized bidding method to reduce the shareholding repurchase

Applicable Not applicable

The impact of share changes on financial indicators such as basic earnings per share and diluted earnings per share, net assets per share attributable to the Company's ordinary shareholders, etc. in the most recent year and the most recent period

Applicable Not applicable

Other content that the Company deems necessary or required by the securities regulatory agency to disclose

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

Unit: share(s)

Name of shareholder	Number of restricted shares at the beginning of the period	Number of restricted shares increased in the period	Number of restricted shares released in the period	Number of restricted shares at the end of the period	Reasons for restrictions	Date of releasing restrictions
Li Yongxin	1,058,718,560	72,696,561	0	1,131,415,121	executives lock stocks	In accordance with the regulations on executives lock stocks
Total number of shares	1,058,718,560	72,696,561	0	1,131,415,121	--	--

Section II. Issuance and listing of securities

1. Securities issuance (excluding preferred stock) during the reporting period

Applicable Not applicable

2. Description of changes in the total number of shares of the Company and the structure of shareholders, changes in the structure of company assets and liabilities

Applicable Not applicable

3. Existing situation of internal staff shares

Applicable Not applicable

Section III. Shareholders and actual controllers

1. Number of the Company's shareholders and shareholdings

Unit: Share(s)

Total number of common shareholders at the end of the reporting period	41,625	Total number of common shareholders at the end of the previous month before the disclosure of the annual report	57,045	The total number of preferred shareholders with voting rights restored at the end of the reporting period (if any) (see Note 8)	0	Total number of preferred shareholders whose voting rights were restored at the end of the previous month before the disclosure of the annual report (if any) (see Note 8)	0	
Shareholding of shareholders holding more than 5% or the top 10 shareholders								
Shareholder name	Nature of shareholders	Shareholding ratio	Number of shares held at the end of the reporting period	Changes in the reporting period	Number of shares with limited sale conditions	Number of shares with unlimited sales conditions	Pledge or freeze situation	
							Share status	Quantity
Lu Zhongfang	Domestic natural person	41.36%	2,550,549,260	0.00	2,550,549,260	0	Pledged	450,000,000
Li Yongxin	Domestic natural	18.35%	1,131,415,121	0.00	1,131,415,121	0	Pledged	774,495,000

	person							
Wang Zhendong	Domestic natural person	15.61%	962,471,418	0.00	962,471,418	0	Pledged	140,764,011
Beijing Aerospace Industry Investment Fund (Limited Partnership)	Domestic non-state-owned legal person	4.33%	267,353,171	0.00	267,353,171	0		
Beijing Guangyin Venture Capital Center (Limited Partnership)	Domestic non-state-owned legal person	2.89%	178,235,447	0.00	178,235,447	0		
Hong Kong Securities Clearing Co.,Ltd.	Overseas legal person	1.93%	119,248,789	72,488,927	0	119,248,789		
Beijing Kerui Technology Innovation Investment Center (Limited Partnership)	Domestic non-state-owned legal person	1.44%	89,117,723	0.00	89,117,723	0		
Beijing Offcn Future Information Consulting Center (Limited Partnership)	Domestic non-state-owned legal person	1.30%	80,000,000	0.00	0	80,000,000		
Zhou Xiayun	Domestic natural Person	1.28%	78,848,640	0.00	0	78,848,640	Pledged	43,448,845
Zhou Hui	Domestic natural Person	1.17%	72,277,920	0.00	0	72,277,920	Pledged	11,050,000
Strategic investors or general legal persons become the top	None							

10 shareholders due to the placement of new shares (if any) (see Note 3)			
Description of the above-mentioned shareholders' connected relationship or concerted action	The Company's controlling shareholder and actual controller Lu Zhongfang and Li Yongxin are in a parent-child relationship. Lu Zhongfang, Li Yongxin, and Beijing Offcn Future Information Consulting Center (Limited Partnership) constitute persons acting in concert. Zhou Xiayun and Zhou Hui have a father-son relationship. It is unknown whether there is an associated relationship among the above-mentioned other shareholders, and whether the above-mentioned shareholders belong to the parties acting in concert as stipulated in the <i>Administrative Measures on Disclosure of Information of Shareholding Changes in Listed Companies</i> .		
Explanation of the above-mentioned shareholders' entrusting/entrusted voting rights and waiver of voting rights	None		
Shareholdings of the top 10 shareholders with unrestricted sales conditions			
Shareholder name	Number of unrestricted shares held at the end of the reporting period	Types of shares	
		Types of shares	Quantity
Hong Kong Securities Clearing Co.,Ltd	119,248,789	RMB common shares	119,248,789
Beijing Offcn Future Information Consulting Center (Limited Partnership)	80,000,000	RMB common shares	80,000,000
Zhou Xiayun	78,848,640	RMB common shares	78,848,640
Zhou Hui	72,277,920	RMB common shares	72,277,920
Zhou li	48,185,280	RMB common shares	48,185,280
Agricultural Bank of China Co., Ltd-Bank of Communications Schroder Growth Hybrid Securities Investment Fund	8,904,412	RMB common shares	8,904,412
Industrial and Commercial Bank of China Limited - Fuguo Growth Strategy Hybrid Securities Investment Fund	6,835,787	RMB common shares	6,835,787
China Construction Bank	6,682,462	RMB common	6,682,462

Co., Ltd - BOCOM Schroder Blue Chips Mixed Securities Investment Fund		shares	
Phase I employee stock ownership plan of Yaxia Auto Co., Ltd.	6,554,790	RMB common shares	6,554,790
China Merchants Bank Company Limited - Huitianfu Mid-cap Positive Growth Hybrid Securities Investment Fund	6,293,104	RMB common shares	6,293,104
Description of the relationship or concerted action among the top 10 shareholders with unlimited sales conditions, and between the top 10 shareholders with unlimited sales conditions and the top 10 shareholders	The Company's controlling shareholder and actual controller Lu Zhongfang and Li Yongxin are in a parent-child relationship. Lu Zhongfang, Li Yongxin, and Beijing Offcn Future Information Consulting Center (Limited Partnership) constitute persons acting in concert. Zhou Xiayun and Zhou Hui have a father-son relationship. Zhou Xiayun and Zhou Li have a father-daughter relationship. It is unknown whether there is an associated relationship among the above-mentioned other shareholders, and whether the above-mentioned shareholders belong to the parties acting in concert as stipulated in the <i>Administrative Measures on Disclosure of Information of Shareholding Changes in Listed Companies</i> .		
Explanation on the participation of the top 10 common shareholders in margin trading and securities lending business (if any) (see Note 4)	None		

Whether the top 10 common shareholders and the top 10 common shareholders without sales conditions of the Company carry out the agreed repurchase transaction during the reporting period

Yes No

The Company's top 10 common shareholders and top 10 common shareholders without sales conditions didn't conduct agreed repurchase transactions during the reporting period

2. Controlling shareholders of the company

Nature of controlling shareholder: natural person holding

Type of controlling shareholder: natural person

Name of controlling shareholder	Country of Citizenship	Whether to obtain the right of abode in other countries or regions
Lu Zhongfang	China	No
Li Yongxin	China	No

Main occupations and positions	Mr. Li Yongxin is currently the president of the Company
Shareholding status of other domestic and overseas listed companies that hold or participate in shares during the reporting period	None

Changes of controlling shareholders during the reporting period

Applicable Not applicable

The controlling shareholder of the Company did not change during the reporting period.

3. The actual controller of the Company and those acting in concert

The nature of the actual controller: domestic natural person

Type of actual controller: natural person

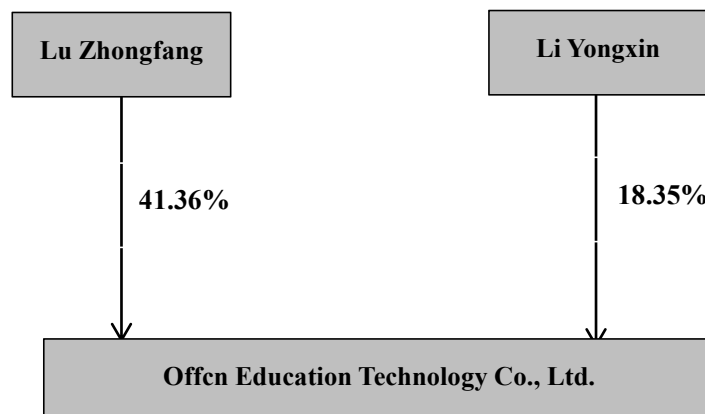
Name of actual controller	Relationship with actual controller	Country of Citizenship	Whether to obtain the right of abode in other countries or regions
Lu Zhongfang	Self	China	N
Li Yongxin	Self	China	N
Beijing Offen Future Information Consulting Center(Limited Partnership)	Acting in concert (including agreement, relatives, same control)	China	N
Main occupations and positions	Mr. Li Yongxin, the founder and actual controller of the Company, is currently the president of the Company.		
Status of domestic and overseas listed companies that have held holdings in the past 10 years	None		

Changes of actual controllers during the reporting period

Applicable Not applicable

The actual controller of the Company has not changed during the reporting period.

Block diagram of the property rights and control relationship between the Company and the actual controller



The actual controller controls the Company through trust or other asset management methods

Applicable Not applicable

4. Other corporate shareholders holding more than 10% of the shares

Applicable Not applicable

5. Share restrictions on reductions of controlling shareholders, actual controllers, restructuring parties and other commitment subjects

Applicable Not applicable

Chapter VII. Preferred Stock

Applicable Not applicable

During the reporting period, there were no preferred stock in the Company.

Chapter VIII. Convertible Corporate Bonds

Applicable Not applicable

During the reporting period, there were no convertible corporate bonds in the Company.

Chapter IX. Directors, Supervisors, Senior Management and Employees

Section I. Changes in shares held by directors, supervisors and senior executives

Name	Title	Tenure status	Gender	Age	Start date	End date	Shares held at the beginning of the period (share)	Quantity Of shares increased in the current period (share)	Quantity of shares decreased in the current period (share)	Other increased or decreased changes (share)	Quantity of shares held at the end of the period (share)
Li Yongxin	Chairman of the Board	Incumbent	Male	45	February 1, 2019	January 31, 2022	1,131,415,121	0	0	0	1,131,415,121
Wang Zhendong	Director, general manager	Incumbent	Male	45	February 1, 2019	January 31, 2022	962,471,418	0	0	0	962,471,418
Shi Lei	Director	Incumbent	Male	45	February 1, 2019	January 31, 2022	0	0	0	0	0
Yi Ziting	Director	Incumbent	Female	47	February 1, 2019	January 31, 2022	0	0	0	0	0
Wang Qiang	Independent director	Incumbent	Male	44	February 1, 2019	January 31, 2022	0	0	0	0	0
Tong Yan	Independent director	Incumbent	Female	44	February 1, 2019	January 31, 2022	0	0	0	0	0
Zhang Xuanming	Independent director	Incumbent	Male	43	February 1, 2019	January 31, 2022	0	0	0	0	0
Yu Hongwei	Chairman of the Supervisory Committee	Incumbent	Female	55	July 22, 2019	January 31, 2022	0	0	0	0	0
He Di	Supervisor	Incumbent	Male	44	February 1, 2019	January 31, 2022	0	0	0	0	0
Li Wen	Supervisor	Incumbent	Female	42	February 1, 2019	January 31, 2022	0	0	0	0	0
Wang Xuejun	Deputy general manager	Incumbent	Male	58	February 1, 2019	January 31, 2022	0	0	0	0	0
He Youli	Deputy general manager	Incumbent	Male	46	February 1, 2019	January 31, 2022	0	0	0	0	0
Luo Xue	Chief Financial Officer	Incumbent	Male	53	February 1, 2019	January 31, 2022	0	0	0	0	0
Gui Hongzhi	Secretary of the Board, deputy general manager	Incumbent	Male	50	February 1, 2019	January 31, 2022	0	0	0	0	0
Total	--	--	--	--	--	--	2,093,886,539	0	0	0	2,093,886,539

Section II. Changes of Directors, Supervisors, and Senior Executives

Applicable Not applicable

Section III. Resumes of Key Personnel

The professional background, main working experience and their main duties in the Company of current directors, supervisors, and senior executives.

1. Directors and independent directors

Mr. Li Yongxin, born in 1976, is a Chinese citizen and has no permanent residency abroad. He received his bachelor's degree in law from the Department of Political Science and Public Administration, Peking University in 1999. Mr. Li founded his own company in education industry in the same year and started to focus his business on training for public service recruitment examination in the year of 2000. Up to now, he has accumulated nearly 20 years of experience in R&D, teaching and business management in the field of vocational education. From 2005 to 2010, he served as the general manager of Beijing Offcn Online Education Technology Co., Ltd. From 2010 to 2015, he was the president of Beijing Offcn Future Education Consultancy Co., Ltd. From November 2015 to December 2018, he served as the Chairman of Board of Beijing Offcn Education Technology Stock Co., Ltd. From December 2018 to present, he has served as the Chairman of Board of Beijing Offcn Education Technology Co., Ltd. From February 2019 to present, he has served as the Chairman of Board of Offcn Education Technology Co., Ltd.

Mr. Wang Zhendong, born in 1976, is a Chinese citizen and has no permanent residency abroad. He received his bachelor's degree in law from the Department of Political Science and Public Administration, Peking University in 1999. In the year of 2001, Mr. Wang Zhendong started his career in education industry. From 2005 to 2010, he was in charge of the internal operation and management of Beijing Offcn Online Education Technology Co., Ltd. From 2010 to November 2015, he served as the executive director and general manager of Beijing Offcn Future Education Consultancy Co., Ltd. From November 2015 to December 2018, he was the executive director and general manager of Beijing Offcn Education Technology Stock Co., Ltd. From December 2018 to present, he has served as the director and general manager of Beijing Offcn Education Technology Co., Ltd. From February 2019 to present, he has served as the director and general manager of Offcn Education Technology Co., Ltd.

Mr. Shi Lei, born in 1976, is a Chinese citizen and has no permanent residency abroad. He started his career in education industry in the year of 1999. From 2005 to 2010, he was in charge of marketing operations and management of Beijing Offcn Online Education Technology Co., Ltd. From 2010 to November 2015, he was the vice president of Beijing Offcn Future Education Consultancy Co., Ltd. From November 2015 to December 2018,

he served as a director, the Chief Financial Officer and secretary of the Board of Beijing Offcn Education Technology Stock Co., Ltd. From December 2018 to present, he has served as a director of Beijing Offcn Education Technology Co., Ltd. From February 2019 to present, he has served as a director of Offcn Education Technology Co., Ltd.

Ms. Yi Ziting, born in 1974, is a Chinese citizen and has no permanent residency abroad. She has a master's degree. Ms. Yi Ziting switched her career path to education industry in the year of 2011. From 1994 to 2004, she served successively as a technician and an assistant engineer in Zhuzhou Smelting Group Co., Ltd. From 2007 to 2011, she was the head of legal department of China Crop Protection Industry Association (CCPIA). Starting from 2011, Ms. Yi Ziting has been successively holding the posts of head of Teaching Evaluation and Management Committee, assistant president, and associate president of Beijing Offcn Future Education Consultancy Co., Ltd. From November 2015 to December 2018, she served as a director of Beijing Offcn Education Technology Stock Co., Ltd. From December 2018 to present, she has served as the chairman of the Supervisory Committee of Beijing Offcn Education Technology Co., Ltd. From February 2019 to present, she has served as a director of Offcn Education Technology Co., Ltd.

Mr. Wang Qiang, born in 1977, is a Chinese citizen and has no permanent residency abroad. He graduated from the Department of Laws, Peking University in 2001 and received his bachelor's degree in law. He was once employed by Guangzhou NetEase Information Technology Co., Ltd as the chief editor of Economy Channel and assistant to president of marketing. From December 2015 to December 2018, he served as an independent director of Beijing Offcn Education Technology Stock Co., Ltd. From February 2019 to present, he has served as an independent director of Offcn Education Technology Co., Ltd.

Ms. Tong Yan, born in 1977, is a Chinese citizen and has no permanent residency abroad. She has a doctoral degree and owns the Certified Public Accountant Qualification Certificate. From 2006 to present, Ms. Tong Yan has been working for the Beijing Institute of Technology and currently she is a professor of the institute. From March 2016 to present, she has served as an independent director of Hebei Jinniu Chemical Corporation Ltd. From February 2019 to present, she has served as an independent director of Offcn Education Technology Co., Ltd. From June 9, 2020 to present, she has served as an independent director of Financial Street Property Management Co., Ltd.

Mr. Zhang Xuanming, born in 1978, is a Chinese citizen and has no permanent residency abroad. He has a master's degree and is qualified as a Chinese lawyer. From 2003 to 2005, he worked as a full-time lawyer in Beijing Weizheng Law Firm. From 2005 to 2010, he was a partner of Beijing Hechuan Law Firm. From April

2017 to present, he has served as the director of Beijing Meixin Law Firm. From July 2013 to present, he has served as a supervisor of Tongling Friendship Real Estate Co., Ltd. From October 2015 to present, he has served as a supervisor of Hebei Xinmiao Tourism Development Co., Ltd. From February 2019 to present, he has served as an independent director of Offcn Education Technology Co., Ltd.

2. Supervisors

Ms. Yu Hongwei, born in 1966, is a Chinese citizen and has no permanent residency abroad. She has a bachelor's degree. From 1985 to 1995, Ms. Yu Hongwei served as a Naval Officer. From 1995 to 2002, she was the chief representative of GATX Beijing Office. From 2002 to 2008, she served as the administrative director of the Zhuoyue College in the University of International Business and Economics. From 2008 to 2013, she worked for the Chinese Academy of Science as the director of Senior Talents Department in the Personnel Exchange and Development Center, then as the Deputy Party Secretary, and Chairman of Trade Union. From 2013 to October 2015, Ms. Yu Hongwei served as a department director of Beijing Offcn Future Education Consultancy Co., Ltd. From November 2015 to December 2018, she successively held the posts of department director, the secretary of Party Branch and the secretary of Party Committee of Beijing Offcn Education Technology Stock Co.,Ltd. From December 2018 to present, she has served as the secretary of Party Committee of Beijing Offcn Education Technology Co., Ltd. From July 2019 to present, she has served as the Chairman of the Supervisory Committee of Offcn Education Technology Co., Ltd.

Mr. He Di, born in 1977, is a Chinese citizen and has no permanent residency abroad. He received his bachelor's degree in law from the Department of Political Science and Public Administration, Peking University in 1999. His work experience in education industry started from the year of 2010. From 1999 to 2000, he was the account manager of Beijing Impression Advertising Co., Ltd. From 2000 to 2002, he was employed as the account director of Beijing Blue focus Consulting Company. From 2002 to 2004, he worked as the account director for Shanghai Highteam Internet (China) Consulting Co., Ltd. From 2004 to 2005, he served as the account director of Beijing Insight Co., Ltd. From 2005 to 2009, he served as the senior account director of Ogilvy China. From 2009 to 2010, he served as the president's assistant of Anbang Insurance Group. From 2010 to November 2015, he served as an assistant president of Beijing Offcn Future Education Consultancy Co., Ltd. From November 2015 to December 2018, he worked as a supervisor of Beijing Offcn Education Technology Stock Co.,Ltd. From December 2018 to present, he has served as a supervisor of Beijing Offcn Education Technology Co., Ltd. From February 2019 to present, he has served as a supervisor of Offcn Education Technology Co., Ltd.

Ms. Li Wen, born in 1979, is a Chinese citizen and has no permanent residency abroad. She owns a master's

degree and is qualified as a Chinese lawyer. She started her journey in education industry in the year of 2007. From 2007 to 2010, she worked as a teacher and R&D staff in Beijing Offcn Online Education Technology Co., Ltd. Starting from 2010, she firstly served as a teacher, then the dean's assistant and successively the dean of Interview Training Department. From November 2015 to December 2018, she served as the supervisor representing employees of Beijing Offcn Education Technology Co., Ltd. From December 2018 to present, she has served as a supervisor of Beijing Offcn Education Technology Co., Ltd. From February 2019 to present, she has served as a supervisor of Offcn Education Technology Co., Ltd.

3. Senior Executives

Please see the above for Mr. Wang Zhendong's resume.

Mr. Wang Xuejun, born in 1963, is a Chinese citizen and has no permanent residency abroad. Holding a bachelor's degree, he started working in education industry in the year of 2004. From 1985 to 1995, he worked as an engineer in Tianjin Machine and Tool Factory. From 1995 to 1999, he served as the operating director of Tianjin Grinder Factory. From 2001 to 2004, he was employed as the general manager of Zhongxing Electromechanical Co., Ltd. in Tianjin Development Zone. From 2004 to 2010, he was in charge of regional marketing of Beijing Offcn Online Education Technology Co., Ltd. From 2010 to November 2015, he served as an assistant president and successively the vice president of Beijing Offcn Future Education Consultancy Co., Ltd. From November 2015 to December 2018, he performed his duty as the deputy general manager of Beijing Offcn Education Technology Stock Co., Ltd. From December 2018 to present, Mr. Wang Xuejun has served as the deputy general manager of Beijing Offcn Education Technology Co., Ltd. From February 2019 to present, he has served as the deputy general manager of Offcn Education Technology Co., Ltd.

Mr. He Youli, born in 1975, is a Chinese citizen and has no permanent residency abroad. He started working in education industry in the year of 1999. From 2005 to 2010, he was in charge of marketing operations of Beijing Offcn Online Education Technology Co., Ltd. From 2010 to November 2015, he served as an assistant president and successively the vice president of Beijing Offcn Future Education Consultancy Co., Ltd. From November 2015 to December 2018, he was employed as the deputy general manager of Beijing Offcn Education Technology Stock Co., Ltd. From December 2018 to present, he has served as the deputy general manager of Beijing Offcn Education Technology Co., Ltd. From February 2019 to present, he has served as the deputy general manager of Offcn Education Technology Co., Ltd.

Mr. Luo Xue, born in 1968, is a Chinese citizen and has no permanent residency abroad. He owns a bachelor's degree and is a certified public accountant, a registered asset appraiser and an intermediate accountant. From July 1991 to September 2000, he worked at the Zhongyuan Oil Field of Sinopec. From October 2000 to January 2011, he was successively employed by Beijing Pan-China CPA Ltd., Deloitte Touche Tohmatsu CPA Ltd. and Reanda Certified Public Accountants LLP, where he held the posts from audit manager to technical partner. From February 2011 to August 2014, he served as the financial director and secretary of the Board of Cortech Drilling Equipment Ltd. From August 2014 to December 2016, he was employed as the CFO of LandOcean Energy Services Co., Ltd. From 2017 to December 2018, he was the head of the financial department of Beijing Offcn

Education Technology Stock Co., Ltd. From February 2019 to present, he has served as the financial director of Offcn Education Technology Co., Ltd.

Mr. Gui Hongzhi, born in 1971, is a Chinese citizen and has no permanent residency abroad. He owns an MBA degree. From April 2003 to August 2006, he worked at the CRED Holding Co., Ltd. as the manager of Securities Department. In the same company, he served as the deputy general manager and secretary of the Board from August 2006 to July 2015. From September 2015 to December 2018, he was employed as head of Securities Affairs Department by Beijing Offcn Education Technology Stock Co., Ltd. From February 2019 to present, he has served as the deputy general manager and secretary of the Board of Offcn Education Technology Co., Ltd.

Positions held in shareholders entities:

Applicable Not applicable

Name	Name of the shareholder entity	Position in the shareholder entity	Start date	End date	Receives payment from the shareholder entity?
Wang Zhendong	Beijing Offcn Future Information Consulting Center (Limited Partnership)	Executive Partner	April 10, 2018	—	N/A
Particulars about holding position in shareholders entities	None				

Employment in other companies

Applicable Not applicable

Name	Name of the company	Positions held in the company	Start date	End date	Receives payment from the company?
Li Yongxin	Beijing Offcn Education Technology Co., Ltd	Chairman of the Board	December 27, 2018	—	Yes
Li Yongxin	Kunming Wuhua Offcn Training School	Director	January 18, 2015	—	N/A
Li Yongxin	Beijing Offcn Future Group Co., Ltd.	Supervisor	June 13, 2019	—	N/A
Li Yongxin	Yanyuan alumni Investment Management Co., Ltd.	Supervisor	January 21, 2019	—	N/A
Li Yongxin	Beijing Haidian Offcn Training School	Director	July 22, 2009	—	N/A
Li Yongxin	Beijing Haidian Baoquan Financial Training Center	Council member	May 19, 2014	—	N/A

Li Yongxin	Urumqi Shayibake Offcn Training Center	Council member	January 13, 2014	—	N/A
Shi Lei	Beijing Offcn Education Technology Co., Ltd	Director	December 27, 2018	—	Yes
Shi Lei	Hainan Huiyou Film&TV Technology Co., Ltd.	Director	March 10, 2017	—	N/A
Shi Lei	Taiyuan Hi-Tech Zone Offcn Training School	Council member	March 4, 2013	—	N/A
Shi Lei	Urumqi Shayibake Offcn Training Center	Council member	January 13, 2014	—	N/A
Wang Zhendong	Beijing Offcn Education Technology Co., Ltd	Director	December 27, 2018	—	Yes
Wang Zhendong	Beijing Xindezhiyuan Enterprise Management Consultancy Co., Ltd.	Supervisor	August 6, 2014	—	N/A
Wang Zhendong	Beijing Offcn Xinzhiyu Network Technology Co., Ltd.	Supervisor	May 8, 2012	—	N/A
Wang Zhendong	Beijing Offcn Future Education Technology Co., Ltd	Executive director, manager	March 25, 2020	—	N/A
Wang Zhendong	Taiyuan Hi-Tech Zone Offcn Training School	Council member	March 4, 2013	—	N/A
Wang Zhendong	Tangshan Lunan Offcn Training School	Council member	March 01, 2013	—	N/A
Wang Zhendong	Urumqi Shayibake Offcn Training School	Council member	January 13, 2014	—	N/A
Tong Yan	Beijing Institute of Technology	Professor	July 01, 2016	—	Yes
Tong Yan	Hebei Jinniu Chemical Industry Co., Ltd	Independent director	March 16, 2016	—	Yes
Tong Yan	Beijing Interactive Network Technology Co., Ltd.	Independent director	October 25, 2019	—	Yes

Tong Yan	China Fund Management Co., Ltd.	Independent director	July 16, 2020	—	Yes
Tong Yan	Financial Street Property Management Co., Ltd.	Independent director	June 9, 2020	—	Yes
He Di	Beijing Offcn Education Technology Co., Ltd	Supervisor	December 27, 2018	—	Yes
He Di	Beijing Offcn Future Education Technology Co., Ltd	Supervisor	March 25, 2020	—	N/A
He Di	Tianjin Hexi Offcn Training School Co., Ltd.	Director	July 15, 2019	—	N/A
He Di	Yuxi Offcn Training School Co., Ltd.	Director	December 24, 2018	—	N/A
Zhang Xuanming	Hebei Xinmiao Tourism Development Co., Ltd	Supervisor	October 28, 2015	—	Yes
Yi Ziting	Beijing Offcn Education Technology Co., Ltd	Chairman of the Supervisory Committee	December 27, 2018	—	Yes
Li Wen	Beijing Offcn Education Technology Co., Ltd	Supervisor	December 27, 2018	—	Yes
Particulars about holding positions in other companies	None				

Details on company's current and dismissed directors, supervisors, and senior executives during the reporting period who got punishments from Securities Regulatory Institution in the past three years

Applicable Not applicable

Section IV. Remuneration for Directors, Supervisors and Senior Executives

The decision-making procedure, determination basis and actual payment of remuneration for directors, supervisors and senior executives. In order to further improve the remuneration system for the Company's directors, supervisors, and senior executives, and fully motivate the enthusiasm for work of the Company's directors, supervisors, and senior executives, the Company formulated the Regulations of *Remuneration System of Directors, Supervisors, and Senior Executives*. On March 30, 2020, the shareholders' meeting reviewed and approved the *Proposal on Determining the Remuneration Plan in the year of 2020 for Directors, Supervisors and Senior Executives of the Company*, which further clarified the remuneration plan for directors, supervisors and senior executives. The allowances for independent directors are issued quarterly. The Company does not provide separate

allowances for internal directors or internal supervisors. The remuneration of the Company's internal directors, internal supervisors and senior executives is issued according to the Company's salary system.

Remuneration of directors, supervisors, senior executives during the reporting period:

Unit: 10 thousand yuan

Name	Position	Gender	Age	Tenure Status	Total before-tax remuneration gained from the Company	Whether gained remuneration from the related parties of the Company
Li Yongxin	Chairman of the Board	Male	45	Incumbent	192.11	N/A
Wang Zhendong	Director, general manager	Male	45	Incumbent	169.11	N/A
Shi Lei	Director	Male	45	Incumbent	168.34	N/A
Yi Ziting	Director	Female	47	Incumbent	123.22	N/A
Wang Qiang	Independent director	Male	44	Incumbent	12	N/A
Tong Yan	Independent director	Female	44	Incumbent	12	N/A
Zhang Xuanming	Independent director	Male	43	Incumbent	12	N/A
Yu Hongwei	Chairman of the Supervisory Committee	Female	55	Incumbent	43	N/A
He Di	Supervisor	Male	44	Incumbent	120.69	N/A
Li Wen	Supervisor	Female	42	Incumbent	100.07	N/A
Wang Xuejun	Deputy general manager	Male	58	Incumbent	167.34	N/A
He Youli	Deputy general manager	Male	46	Incumbent	168.72	N/A
Luo Xue	Chief financial officer	Male	53	Incumbent	102.5	N/A
Gui Hongzhi	Secretary of the Board, deputy general manager	Male	50	Incumbent	101.15	N/A
Total	--	--	--	--	1,492.25	--

Equity incentives awarded to directors and senior executives of the Company during the reporting period

Applicable Not applicable

Section V. Employees of the Company

1. Number of employees, role type, and educational background

Number of current employees of the parent company (person)	0
Number of current employees of the major subsidiaries (person)	45,066
Total number of current employees (person)	45,066
Total number of employees receiving remuneration from the Company during the reporting period (person)	45,066

Number of retired employees to be borne by the parent company and major subsidiaries (person)	0
Role type	
Category	Number (person)
Management personnel	4,511
R&D personnel	3,025
Teachers	18,863
Customer service personnel	5,012
Marketing personnel	13,655
Total	45,066
Educational background	
Category	Number (person)
Master's degree and above	6,569
Bachelor's degree	36,071
Postsecondary Specialised College	2,392
Secondary Specialised School and below	34
Total	45,066

2. Remuneration policy

During the reporting period, the Company, based on the post value, set salary difference scientifically and further improved the target management and performance appraisal system of human resources. The Company regularly and comprehensively evaluated employees' working skills, values and their recognition of corporate culture by an evaluation method based on quantitative indicators of performance and qualitative standards to ensure that both the work results and growth of employees were given attention to. The Company attracts and retains its core talents through a diversified performance-oriented incentive mechanism, so that the core personnel can be more closely aligned with the interests of the Company and its shareholders. In this way, the Company's long-term operating performance is driven to grow continuously.

3. Training plan

During the reporting period, the Company continuously invested high-quality resources in optimizing the training system and enhancing the capabilities of the teaching team. Employees are well supported with knowledge resources and abundant learning choices to develop their talents and careers. Under the normalization of COVID-19 prevention and control, the Company accelerated the trend of online learning for all staff. By

integrating online and offline resources, the plan of sharing the whole curriculum system within the Company is realized and employees are empowered with more opportunities to learn and grow.

In terms of training organizing, the Company mobilized human resources department both at the headquarters and business sectors as well as management personnel to ensure that the staff trainings are well organized. The human resources department at the headquarters is responsible for the “planning, research and coordination” of the Company’s overall training, focusing on the construction of the Company’s training resources and training platform as well as the design and implementation of key talent training projects. The human resources department at each business sector is responsible for discovering the training needs of employees, providing training solutions, executing the training plans, and focusing on the daily-basis operation and training in its business sector. Management personnel are responsible for employees’ ability-building, taking training of team members as part of their work tasks, so as to develop more talents for the Company.

In addition, aiming at employees with different development needs, the Company actively carried out a number of training plans such as “Luming training”, “Core talents training” and “Management training”, etc. A comprehensive training system for all staff in all phases is developed to help employees find their paths to the future and meet a better self.

4. Labor outsourcing

Applicable Not applicable

Chapter X. Corporate Governance

Section I. Corporate Governance Details

During the reporting period, in strict accordance with relevant laws and regulations, and rules and regulatory documents from supervision authorities, i.e. *Company Law*, *Securities Law*, *Code of Corporate Governance for Listed Companies in China*, *Stock Listing Rules of Shenzhen Stock Exchange*, and *Guidelines of the Shenzhen Stock Exchange for the Standard Operation of Listed Companies*, the Company based on its actual situation, consistently improved its corporate governance structure and internal control system, and enhanced the level of corporate governance. The Company's overall operation, corporate governance system and information disclosure were sound and standardized. The actual conditions of corporate governance met the requirements of the regulatory documents with respect to the corporate governance of listed companies issued by CSRC.

1. Shareholders and the Shareholders' General Meeting

In strict accordance with *Articles of Corporation* and *Rules of Procedure for Shareholders' General Meetings* as well as other applicable regulations and requirements, the Company standardized the gathering, convening, deliberations and voting procedures of its shareholders' general meetings and hired legal advisers to issue legal opinions for the shareholders' general meetings. The Company treats all shareholders equally, especially ensures the minority of shareholders' equal status guaranteed. During the reporting period, the Company convened four shareholders' general meetings in total, and all resolutions of the shareholders' general meetings were faithfully implemented by the board of directors.

2. The relationship between the Company and the controlling shareholders

The controlling shareholders of the Company exercised the rights and obligations of the investors in strict accordance with *Company Law*. During the reporting period, there was neither any direct or indirect interference with the Company's decision-making and operations beyond the Shareholders' General Meeting by the controlling shareholders nor a situation where the controlling shareholders damaged the legitimate rights and interests of other shareholders of the listed Company. The Company is independent in personnel, assets, finance, institutions, business, and accounting from its controlling shareholders so that they take responsibilities and risks independently. There was neither significant related-party transactions between the Company and the controlling shareholders nor the situation where controlling shareholders occupied the funds of the listed Company, nor the listed Company provided guarantees for the controlling shareholders or their subsidiaries.

3. Directors and the Board of Directors

The Company elected candidates for the Board of Directors in strict accordance with relevant laws and regulations i.e. *Company Law* and *Articles of Corporation*. The number of directors and composition of the Board of Directors met the requirements of laws and regulations. The Board of Directors of the Company convened Board sessions in strict accordance with the relevant provisions of *Articles of Corporation*, *Working System for*

Independent Directors and Rules of Procedure for the Board of Directors. All directors of the Company attended the Board sessions on time, fulfilled their duties diligently, scrupulously reviewed various proposals and made scientific and reasonable decisions on major matters of the Company to effectively safeguard the interests of the Company and the legitimate rights and interests of all shareholders. Under the Board of Directors of the Company are four professional committees: Strategy and Investment Committee, Nomination Committee, Audit Committee and Remuneration and Appraisal Committee. With clearly defined powers and responsibilities and effective operations, each committee gave full play to its professional functions and provided scientific and professional opinions for the decision-making of the Board of Directors.

4. Supervisors and the Supervisory Committee

The Company elected candidates for the Supervisory Committee in strict accordance with relevant laws and regulations i.e. *Company Law* and *Articles of Corporation*. The number of supervisors and composition of the Supervisory Committee met the requirements of laws and regulations. The Supervisory Committee of the Company convened its sessions in strict accordance with the relevant provisions of *Articles of Corporation*, *Rules of Procedure for the Supervisory Committee*, and other related regulations. All supervisors of the Company attended the supervisory sessions on time, fulfilled their duties faithfully, provided supervision and opinions for major issues, related-party transactions, financial status, etc., and safeguarded legitimate rights and interests of the Company and shareholders.

5. Relevant stakeholders

The Company fully respect and safeguard the legitimate rights and interests of relevant stakeholders, constantly strengthen the awareness of social responsibility and enhance communication with all parties to coordinate the interests of the society, government, shareholders, Company, and employees, and balance the interests of the shareholders, employees and society. The Company adhered to the principle of mutual benefits and win-win results with relevant stakeholders and jointly promoted the Company's harmonious, steady and healthy development.

6. Information disclosure and transparency

In strict accordance with the requirements of *Regulations concerning Information Disclosure Management*, *Regulations concerning Investor Relations Management* and *Regulations of Registration and Management System on Learners of Insider Information*, the Company designates the Secretary of the Board to be responsible for information disclosure and receiving shareholders' visits and consultations and to disclose the relevant information in an authentic, accurate, complete, timely and fair manner in accordance with relevant regulations so as to ensure that all shareholders of the Company can have equal access to the information.

7. Performance appraisal and incentives

During the reporting period, the Company constantly improved working performance evaluation system and incentive mechanism. The appointment and remuneration of the Company's directors, supervisors and senior executives were open and transparent, which met the requirements of relevant laws and regulations. The Company

regularly and comprehensively evaluated employees' working skills, values and their recognition of corporate culture by an evaluation method based on quantitative indicators of performance and qualitative standards to ensure that both the work results and growth of employees were given attention to.

8. Investor relations management

During the reporting period, the Company constantly strengthened the management of investor relations and safeguarded the legitimate rights and interests of the Company's shareholders. The Company designates the Secretary of the Board as the head of investor relations management to organize and implement the daily management of investor relations, promptly answer investors' questions through phone calls, emails, interactive platform and online briefings of business performance, which ensures that all the investors have equal access to the Company's information and fully guaranteed investors' rights to know.

Are there any material differences between the Company's actual governance status and the *Company Law* and relevant rules of CSRC?

Yes No

There is no material difference between the Company's actual governance status and the *Company Law* and relevant rules of CSRC.

Section II. Details of the Company's separation from the controlling shareholder with respect to business, personnel, assets, organization, and financial affairs

The Company standardized its operation, established and improved corporate governance structure in strict accordance with *Company Law*, *Securities Law*, *Articles of Corporation*, and other relevant laws and regulations. The Company is independent in business, personnel, assets, organization and finance affairs from the controlling shareholders, actual controllers and other enterprises under their control, and is capable of operating independently with its complete and independent business.

1. Business independence: With independent and complete business structure, the Company is capable of running market-oriented business independently. There is no horizontal competition among the Company, controlling shareholders, and other enterprises under their control.
2. Personnel independence: The Company has independent personnel. It has set up various independent departments, including R&D, sales, administration, finance and operation management divisions, and established independent human resources and payroll management system. The directors, supervisors and senior executives of the Company do not hold any posts prohibited by regulations in other companies with the same or similar business to the Company's.
3. Assets Completeness: The property relations between the Company and the controlling shareholders are clear. No assets, funds, or other resources owned by the Company are illegally occupied or controlled by the controlling shareholders.
4. Institutional independence: The Company has set up a sound organization system. General Meeting of Shareholders, Board of Directors, Supervisory Committee, management and all the functional departments

operate independently from each other. The Company as well established corresponding internal management and control system to make each department have clearly defined responsibilities, perform its own duties and cooperate with each other, thus composing an organic whole and guaranteeing the legal operation of the Company. There is no subordinate relationship between the Company's institutions and the functional departments of the controlling shareholders.

5. Financial independence: The Company has set up complete and independent financial department equipped with adequate full-time financial accountants, established independent accounting calculation system and financial management system, and independently opened bank accounts, paid taxes and made financial decisions. There is no interference from the controlling shareholders in the financial management of the Company.

Section III. Horizontal Competition

Applicable Not applicable

Section IV. Annual general meeting and extraordinary general meetings convened during the reporting period

1. Particulars about the shareholders' general meeting during the reporting period

Session	Type	Investor Participation %	Convening date	Disclosure date	Disclosure index
2020 First Extraordinary General Meeting	Extraordinary General Meeting	78.29%	January 6, 2020	January 7, 2020	For details, refer to the <i>Announcement on Resolutions of the First Extraordinary General Meeting of 2020</i> (No. 2020-001) disclosed on www.cninfo.com.cn.
2019 Annual General Meeting	Annual General Meeting	79.66%	March 30, 2020	March 31, 2020	For details, refer to the <i>Announcement on Resolutions of the Annual General Meeting of 2019</i> (No. 2020-022) disclosed on www.cninfo.com.cn.
2020 Second Extraordinary General Meeting	Extraordinary General Meeting	78.39%	November 26, 2020	November 27, 2020	For details, refer to the <i>Announcement on Resolutions of the Second Extraordinary General Meeting of 2020</i> (No. 2020-044) disclosed on www.cninfo.com.cn.
2020 Third Extraordinary General Meeting	Extraordinary General Meeting	78.76%	December 9, 2020	December 10, 2020	For details, refer to the <i>Announcement on Resolutions of the Third Extraordinary General Meeting of 2020</i> (No. 2020-047) disclosed on www.cninfo.com.cn.

2. Extraordinary general meetings requested by preferred shareholders with restored voting rights:

Applicable Not applicable

Section V. Performance of duties by independent directors during the reporting period

1. Attendance of independent directors at board meetings and shareholders' general meetings

Attendance of independent directors at board meetings and shareholder's general meetings							
Independent director	Sessions required to attend during the reporting period (times)	Attendance in person (times)	Attendance by way of telecommunication (times)	Entrusted presence (times)	Absence (times)	Non-attendance In person for two consecutive times	Attendance in shareholders' meeting
Wang Qiang	8	7	1	0	0	N/A	4
Tong Yan	8	0	8	0	0	N/A	0
Zhang Xuanming	8	0	8	0	0	N/A	2

Explanation of non-attendance in person for two consecutive times

√ Not applicable

2. Particulars about independent directors objecting to relevant events of the Company

Were there any objections on relevant issues of the Company from independent directors?

Yes No

During the reporting period, there were no objections on relevant issues of the Company from independent directors.

3. Other explanations on the performance of duties by independent directors

Was advice to the Company from independent directors adopted?

√ Yes No

Explanation of advice of independent directors for the Company being adopted or not being adopted

During the reporting period, the Company's independent directors were able to scrupulously exercise their rights and perform their duties as independent directors. They carefully reviewed the issues raised by the Board of Directors and the professional committees. With rich professional experience, the independent directors of the Company expressed their thoughtful, rational and independent opinions on each issue that required their judgements. They also put forward many instructive and reasonable suggestions on the Company's development strategy and standardized operation, which played a catalytic role in scientific decision-making of the Board of Directors. For more details, please refer to the *2020 Independent Directors' Debriefing Report* published on www.cninfo.com on the same day as this annual report.

Section VI. Performance of duties by professional committees affiliated to the Board during the reporting period

Under the Board of Directors of the Company, there are four professional committees: Audit Committee, Remuneration and Appraisal Committee, Strategy and Investment Committee and Nomination Committee.

1. Audit Committee

During the reporting period, the Audit Committee carefully reviewed the Company's periodic reports, regular audits of the internal audit department, special audit work, and selection of audit institutions, etc., understood the Company's financial status and operating conditions in details, and strictly reviewed the Company's internal control systems and its implementation. It effectively performed its duties and provided guidance and supervision on the Company's financial status and operating conditions.

2. Remuneration and Appraisal Committee

During the reporting period, the Board of Directors formulated the *Regulations of Remuneration System of Directors, Supervisors, and Senior Executives*. The Remuneration and Appraisal Committee provided professional guidance on its formulation, which promoted the soundness and improvement of the Company's remuneration system.

3. Strategy and Investment Committee

During the reporting period, the Strategy and Investment Committee actively performed its duties in accordance with *Company Law, Articles of Corporation, Working Rules of the Strategy and Investment Committee of the Board of Directors*, and other relevant regulations.

4. Nomination Committee

During the reporting period, the Nomination Committee of the Board of Directors conducted a careful review of the performance of the professional committees under the board of directors in accordance with *Company Law, Articles of Corporation*, and *Working Rules of the Nomination Committee of the Board of Directors*, and actually fulfilled the duties of the Nomination Committee.

Section VII. Performance of duties by the Supervisory Committee

Were there any risks in the Company according to the supervision of the Supervisory Committee during the reporting period?

Yes No

The Supervisory Committee raised no objection to matters under supervision during the reporting period.

Section VIII. Assessment and incentive mechanism for senior executives

During the reporting period, the Remuneration and Appraisal Committee of the Company's Board of Directors conducted a comprehensive evaluation of the performance of senior executives. The Company's management team has fairly fulfilled the business planning for this year according to the strategic planning for long-term

development. The Company's current evaluation and incentive mechanism which is in line with the current status of the Company and related laws, regulations and *Articles of Corporation* is operating well.

Section IX. Evaluation report on internal controls

1. Particulars about material weakness found in the Company's internal control during the reporting period

Yes No

2. Self-evaluation report on internal controls

Disclosure date of full text of self-evaluation report on internal control	April 29, 2021	
Disclosure index of full text of self-evaluation report on internal control	www.cninfo.com.cn (<i>Offcn Education Technology Co., Ltd. 2020 Self-evaluation Report on Internal Control</i>)	
Proportion of assets evaluated in total assets stated in the consolidated financial statement of the Company	100.00%	
Proportion of operating income evaluated in total operating income stated in the consolidated financial statement of the Company	100.00%	
Deficiency Standards		
Category	Financial Report	Non-Financial Report
Qualitative criteria	<p>Material Weakness: one deficiency, or a combination of deficiencies in internal control that may result in a significant deviation from the control objectives of the Company. Those with the following characteristics should be recognized as material weakness: ①Fraud of directors, supervisors and senior executives; ② Correction of misstatement in previously issued financial statements; ③Material misstatement in current financial statements not detected by the Company's internal control; ④Invalid supervision of internal control over financial reporting by the Company's Audit Committee and internal audit department.</p> <p>Significant Deficiency: one deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet may still result in a deviation</p>	<p>Material Weakness: ①Severe violations of national laws and regulations in the Company's operation; ②Negative news frequently disclosed by the media and the negative impact has not been eliminated; ③Serious loss of middle and senior management personnel and senior technical personnel; ④Lack or ineffectiveness of policy for major business; ⑤No rectification of the material weaknesses or significant deficiencies of the Company's internal control.</p> <p>Significant Deficiency: one deficiency, or a combination of deficiencies in internal</p>

	<p>from control objectives of the Company.</p> <p>Controllable Deficiency: Other internal control deficiencies that do not meet the standards of material weakness or significant deficiency.</p>	<p>control that is less severe and has minor economic consequences than a material weakness, yet may still result in a deviation from control objectives of the Company.</p> <p>Controllable Deficiency: Other internal control deficiencies that do not meet the standards of material weakness or significant deficiency.</p>
Quantitative criteria	<p>Material Weakness: Misstatements account for more than 5% of total profits.</p> <p>Significant Deficiency: Misstatements account for 2% to 5% (including 5%) of total profits.</p> <p>Controllable Deficiency: Misstatements account for less than 2% (including 2%) of total profits.</p>	<p>Refer to the quantitative criteria for the evaluation of internal control deficiencies in financial reports.</p>
Number of material weaknesses in the financial report (number)		0
Number of material weaknesses in the none-financial report (number)		0
Number of significant deficiencies in the financial report (number)		0
Number of significant deficiencies in the non-financial report (number)		0

Section X. Audit Report or Assurance Report on Internal Controls

Assurance Report on Internal Controls

Audit opinion in the Assurance Report on Internal Controls	
Up to the date of December 31, 2020, Offcn Edu maintained effective internal controls related to financial statements in all major aspects in accordance with <i>the Basic Standards for Enterprise Internal Control</i> and related regulations.	
Disclosure of assurance report on internal controls	Disclosed
Disclosure date of the full text of the assurance report on internal controls	April 29, 2021

Disclosure Index of the full text of assurance report on internal controls	www.cninfo.com.cn (<i>Offcn Education Technology Co., Ltd. 2020 Assurance Report on Internal Controls</i>)
Opinion type of the assurance report on internal controls	Standard unqualified opinion
Material weakness in non-financial reports	None

Did the accounting firm issue an Assurance Report on Internal Controls with non-standard opinion

Yes No

Is the Assurance Report on Internal Controls from the accounting firm consistent with the Self-evaluation Report from the Board

Yes No

Chapter XI. Corporate Bonds

Does the Company have any corporate bonds publicly offered on the stock exchange, which were outstanding before the date of this Report's approval or were due but could not be redeemed in full?

No

Chapter XII. Financial Statements

Section I. Auditor's Report

Audit Opinion	Unmodified unqualified audit opinion
Audit Report sign-off Date	April 28th, 2021
Audit Institution Name	Baker Tilly China Certified Public Accountants
Audit Report Number	Baker Tilly China [2021] No. 16354
Certified Public Accounts Name	Zhou Baiming, Shen Xu

Auditor's Report

Baker Tilly China [2021] No. 16354

To the Shareholders of Offcn Education Technology Co.,Ltd.,

I.Opinion

We have audited the financial statements of Offcn Education Technology Co.,Ltd. (hereinafter referred to as "Offcn Education" or "the Company"), which comprises the consolidated and company's balance sheets as at December 31, 2020, and the consolidated and company's income statements, the consolidated and company's statement of cash flows and the consolidated and company's statements of changes in owners' equity for the year then ended, and the notes to the financial statements.

In our opinion, the financial statements of the Company present fairly, in all material respects, the consolidated and company's financial position as at December 31, 2020, and the consolidated and company's result of operations and cash flows for the year ended in accordance with the requirements of the Accounting Standards for Business Enterprises.

II.Basis of opinion

We conducted our audit in accordance with China Standards on Auditing ("CAS"). Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Company in accordance with China Code of Ethics for Certified Public Accountants (the "Cod"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III.Key Audit Matters

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

Key Audit Matters	How our audit addressed the Key Audit Matter
<p>Recognition of revenue</p> <p>Such as notes to financial statements “The Company’s Significant Accounting Policies and Accounting Estimates” comments (39) and the “Notes To Consolidated Financial Statements ” comments (61). Education and training revenue accounted for 99.43% of the Company’s operating revenue in 2020.</p> <p>The Company’s revenue mainly includes ordinary class revenue and agreement class revenue. When the ordinary class face-to-face training service is completed, all the training fees received in advance are recognized as revenue. Revenue from online training in ordinary classes is recognized on a straight-line basis during the validity period of the service provided. Non-refundable portion of revenue from agreement class is recognized as revenue upon completion of training services; According to the agreement, the refund part is recognized as revenue when the non-refundable conditions are met.</p> <p>In view of the significant amount of education and training revenue, it is the main source of the Company’s profits. There is frequent occurrence of transactions, and the risk of misstatement is high. Therefore, we identified the Company’s education and training revenue as a key audit matter.</p>	<p>In response to the key audit matter, we performed the procedures as follows:</p> <ol style="list-style-type: none"> 1. Understood and tested internal controls relating to recognition of revenue and evaluated the effectiveness of related internal controls. 2. Understood the revenue recognition policies of comparable companies in the same industry, discussed the characteristics of training business with management, checked business contracts, identify contract terms and conditions related to education and training services, and evaluated the appropriateness of revenue recognition policies. 3. Implemented substantive analysis procedures for revenue and gross profit margin during the reporting period, evaluated the overall rationality of revenue. 4. Selected samples of the revenue confirmed during the reporting period, checked the receipts, bank flow, contracts, examination announcement and refunds, and evaluated whether the relevant revenue confirmation is in line with the Company’s revenue recognition accounting policy. 5. For the education and training revenue items confirmed before and after the balance sheet date, selected samples, checked the supporting documents for revenue recognition, and evaluated whether they are recorded in the correct accounting period.

IV. Other Information

Management of the Company (hereinafter referred to as the management) is responsible for the other information. The other information comprises all of the information included in 2019 annual report of the Company other than the financial statements and our auditor’s report thereon.

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

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

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

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Accounting Standards for Business Enterprises and designing, implementing and maintaining internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- 1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. However, our purpose is not to express an opinion on the effectiveness of internal control.
- 3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based

on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6) Acquire sufficient and appropriate audit evidence based on the financial information of Offcn Education entities or business activities to express its audit opinion on the consolidated financial statements. We are responsible for the direction, supervision, and execution of the group audit and assume full responsibility for the audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

	Chinese Certified Public	
	Accountant:	Zhou Baiming
Beijing China	(Engagement partner)	
April.28th, 2021		_____
	Chinese Certified Public	
	Accountant:	Shen Xu

Section II. Financial Statements

The unit of the statement in the financial notes: RMB

1. Consolidated balance sheet

Prepared by: Offcn Education Technology Co., Ltd.

December 31, 2020

Unit: RMB

Items	December 31, 2020	December 31, 2019
Current assets:		
Monetary funds	5,950,395,089.12	2,724,335,001.58
Settlement reserve		
Lendings		
Transactional financial assets	983,205,858.25	1,754,396,227.54
Derivative financial assets		
Notes receivable		
Accounts receivable	21,493,637.66	2,721,638.09
Receivables financing		
Prepayments	2,204,120.00	2,461,009.00
Premium receivable		
Accounts receivable reinsurance		
Reserve for reinsurance receivable contracts		
Other receivables	304,318,966.20	255,013,296.96
Including: interest receivable		567,341.68
Dividend receivable		
Buying back the sale of financial assets		
Inventory		
Contract assets		
Assets held-for-sale		
Non-current assets due within one year	1,985,873,462.75	
Other current assets	175,179,650.61	97,336,600.16
Total current assets	9,422,670,784.59	4,836,263,773.33

Non-current assets:		
Loans and advances		
Debt investment		1,923,598,909.09
Other debt investment		
Long-term receivables		
Long-term equity investment		
Other equity investment	152,800,000.00	162,800,000.00
Other non-current financial assets	208,450,315.01	138,166,559.96
Investment property	668,014,515.82	688,475,053.53
Fixed assets	1,612,792,592.67	672,429,601.44
Construction in progress	214,248,125.04	653,580,160.32
Productive biological assets		
Oil and gas assets		
Right-of-use asset		
Intangible assets	426,352,455.75	197,507,227.40
Development expenditure		
Goodwill	99,867,720.38	99,867,720.38
Long-term prepaid expenses	440,955,377.93	240,565,962.02
Deferred tax assets	21,606,436.77	21,482,832.13
Other non-current assets	1,151,091,703.31	325,967,628.34
Total non-current assets	4,996,179,242.68	5,124,441,654.61
Total assets	14,418,850,027.27	9,960,705,427.94
Current liabilities:		
Short-term loan	3,976,019,329.22	2,867,000,000.00
Borrowing from the central bank		
Borrowings from banks and other financial institutions		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	211,824,402.86	236,481,990.86
Deposit received		2,634,276,203.88
Contract liabilities	4,925,428,309.33	
Financial assets sold for		

repurchase		
Absorbing deposits and interbank deposits		
Acting trading securities		
Acting underwriting securities		
Payroll payable	637,448,433.99	411,475,636.03
Taxes payable	131,111,770.78	184,306,027.84
Other payable	9,479,383.03	88,693,411.98
Including: interest payable		4,521,557.54
Dividend payable		
Fees and commissions payable		
Reinsurance accounts payable		
Liabilities held-for-sale		
Non-current liabilities due within one year		
Other current liabilities	147,765,156.66	
Total current liabilities	10,039,076,785.87	6,422,233,270.59
Non-current liabilities:		
Insurance contract reserve		
Long-term loan		
Bonds payable		
Bonds payable_preferred stock		
Bonds payable_perpetual bond		
Lease liability		
Long-term payables		
Long-term salary payable		
Estimated liabilities		
Deferred income		
Deferred tax liability	104,677,444.59	106,932,273.03
Other non-current liabilities		
Total non-current liabilities	104,677,444.59	106,932,273.03
Total Liabilities	10,143,754,230.46	6,529,165,543.62
Owners' equity:		

Share capital	103,807,623.00	103,807,623.00
Other equity instruments		
Other equity instruments preferred stock		
Other equity instruments perpetual bond		
Capital reserve	1,225,481,049.50	1,198,581,049.50
Less:Treasury stock		
Other comprehensive income	30,000,000.00	37,500,000.00
Special reserve		
Surplus reserves	45,000,000.00	45,000,000.00
General risk preparation		
Undistributed profits	2,870,839,120.70	2,046,657,231.32
Total owner's equity attributable to the parent company	4,275,127,793.20	3,431,545,903.82
Minority shareholders' equity	-31,996.39	-6,019.50
Owners' equity	4,275,095,796.81	3,431,539,884.32
Liabilities and owner's equity	14,418,850,027.27	9,960,705,427.94

Legal representative: Wang Zhendong Person in charge of accounting: Shi Lei Head of accounting department: Luo Xue

2.Parent company balance sheet

Unit:RMB

Items	December 31, 2020	December 31, 2019
Current assets:		
Monetary funds	56,138,356.37	6,931,803.33
Transactional financial assets	1,630,453.37	101,681.64
Derivative financial assets		
Notes receivable		
Accounts receivable	14,792,320.38	
Receivables financing		
Prepayments		
Other receivables	621,900,443.29	1,717,949,520.99
Including:interest receivable		
Dividend receivable		1,700,000,000.00
Inventory		

Contract assets		
Assets held-for-sale		
Non-current assets due within one year		
Other current assets		
Total current assets	694,461,573.41	1,724,983,005.96
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	18,582,307,907.14	18,582,307,907.14
Other equity investment	152,800,000.00	162,800,000.00
Other non-current financial assets		
Investment property	384,641,527.88	395,978,156.15
Fixed assets	383,060,000.00	
Construction in progress	72,569,103.57	72,569,103.57
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets		
Development expenditure		
Goodwill		
Long-term prepaid expenses		
Deferred tax assets	20,529,151.44	10,804,928.62
Other non-current assets	501,095,111.10	
Total non-current assets	20,097,002,801.13	19,224,460,095.48
Total assets	20,791,464,374.54	20,949,443,101.44
Current liabilities:		
Short-term loan	871,083,875.00	
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	83,621,752.26	561,752.26
Deposit received		

Contract liabilities		
Payroll payable		
Taxes payable	1,437,291.71	791,191.77
Other payable	446,606,530.72	40,275,566.88
Including: interest payable		
Dividend payable		
Liabilities held-for-sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	1,402,749,449.69	41,628,510.91
Non-current liabilities:		
Long-term loan		
Bonds payable		
Bonds payable preferred stock		
Bonds payable perpetual bond		
Lease liability		
Long-term payables		
Long-term salary payable		
Estimated liabilities		
Deferred income		
Deferred tax liability	10,007,613.34	12,500,420.41
Other non-current liabilities		
Total non-current liabilities	10,007,613.34	12,500,420.41
Total Liabilities	1,412,757,063.03	54,128,931.32
Owners' equity:		
Share capital	6,167,399,389.00	6,167,399,389.00
Other equity instruments		
Other equity instruments preferred stock		
Other equity instruments perpetual bond		
Capital reserve	12,775,326,370.33	12,775,326,370.33
Less: Treasury stock		
Other comprehensive income	30,000,000.00	37,500,000.00

Special reserve		
Surplus reserves	387,458,806.65	387,458,806.65
Undistributed profits	18,522,745.53	1,527,629,604.14
Owners' equity	19,378,707,311.51	20,895,314,170.12
Liabilities and owner's equity	20,791,464,374.54	20,949,443,101.44

3.Consolidated income statement

Unit: RMB

Items	2020	2019
I. Total operating income	11,202,494,295.04	9,176,129,995.89
Including:operating income	11,202,494,295.04	9,176,129,995.89
Interest income		
Premium earned		
Fee and commission income		
II. Total operating costs	9,152,970,989.56	7,352,991,141.30
Including:operating cost	4,567,326,931.44	3,812,594,386.55
Interest expense		
Fee and commission expenses		
Surrender money		
Net reimbursement expenditure		
Withdrawal of net insurance liability contract reserves		
Policyholder dividend expenses		
Reinsurance expenses		
Taxes and surcharges	12,738,714.63	56,691,639.24
Sales expenses	1,811,790,113.16	1,482,984,426.78
Management expenses	1,279,869,207.37	1,098,471,953.96
R&D expenses	1,050,697,333.79	697,940,218.36
Financial expenses	430,548,689.17	204,308,516.41
Including:interest expenses	172,114,852.12	107,847,460.74
Interest income	33,148,136.69	2,451,260.28
Add:other income	335,711,072.77	6,749,281.81
Investment income (Loss is listed with "-")	256,543,458.65	259,222,749.45
Including:investment income from associates and joint ventures		
Derecognition income of financial assets measured at amortized cost		
Exchange earnings (Loss is listed with "-")		

Net exposure hedge income (Loss is listed with “-”)		
Fair value change income (Loss is listed with “-”)	20,984,385.76	1,712,787.50
Expected credit loss (Loss is listed with “-”)	-1,171,052.83	-337,735.01
Asset impairment loss (Loss is listed with “-”)		
Asset disposal income (Loss is listed with “-”)	162,043.59	182,904.69
III. Operating profit (Loss is listed with “-”)	2,661,753,213.42	2,090,668,843.03
Add:non-operating income	65,303.00	2,000.00
Less:non-operating expenses	674,641.85	1,343,412.25
IV. Total profit (The total loss is listed with “-”)	2,661,143,874.57	2,089,327,430.78
Less:income tax expenses	356,812,108.72	284,784,762.27
V. Net profit (Net loss is listed with “-”)	2,304,331,765.85	1,804,542,668.51
i. Classified by business continuity		
1.Net profit from continuing operations (Net loss is listed with “-”)	2,304,331,765.85	1,804,542,668.51
2.Net profit from discontinued operations (Net loss is listed with “-”)		
ii. Classification by ownership		
1. Net profit attributable to the owner of the parent company	2,304,357,742.74	1,804,548,688.01
2. Minority shareholders’ gains and losses	-25,976.89	-6,019.50
VI. Net other comprehensive income	-7,500,000.00	5,512,500.00
Net other comprehensive income attributable to the parent company owner	-7,500,000.00	5,512,500.00
i. Other comprehensive income that cannot be reclassified into profit or loss	-7,500,000.00	5,512,500.00
1. Changes from the remeasurement of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of other equity instruments	-7,500,000.00	5,512,500.00
4. Changes in fair value of the company's own credit risk		
5. Other		
ii. Other comprehensive income that will be reclassified into profit or loss		
1. Other comprehensive income of convertible profit and loss under the equity method		
2. Changes in fair value of other debt investments		
3. Financial assets reclassified into other comprehensive income		
4. Credit impairment provisions of other debt investment		
5. Cash flow hedge reserve		
6. Foreign currency financial statement translation difference		
7.Other		

Net other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	2,296,831,765.85	1,810,055,168.51
Total comprehensive income attributable to owners of the parent	2,296,857,742.74	1,810,061,188.01
Total comprehensive income attributable to minority shareholders	-25,976.89	-6,019.50
VIII. Earnings per share:		
i. Basic earnings per share	0.37	0.29
ii. Diluted earnings per share	0.37	0.29

If a business combination under the same control occurs in the current period, the net profit realized by the combined party before the combination is: RMB 0.00. The net profit realized by the combined party in the previous period was: RMB 0.00.

Legal representative: Wang Zhendong Person in charge of accounting: Shi Lei Head of accounting department: Luo Xue

4. Parent company income statement

Unit: RMB

Items	2020	2019
I. Operating income	14,829,393.86	14,647,786.07
Less: operating cost	11,336,628.27	11,332,163.09
Taxes and surcharges	4,239,288.81	18,508,529.76
Sales expenses		
Management expenses	6,007,122.13	13,749,951.31
R&D expenses		
Financial expenses	32,313,823.38	-3,966.85
Including: interest expenses	32,029,291.66	
Interest income	63,868.28	8,912.83
Add: other income	919,605.04	
Investment income (Loss is listed with "-")	249,600.00	1,700,030,534.61
Including: investment income from associates and joint ventures		
Derecognition income of financial assets measured at amortized cost		
Net exposure hedge income (Loss is listed with "-")		
Fair value change income (Loss is listed with "-")	28,771.73	1,681.64
Expected credit loss (Loss is listed with "-")	-778,543.18	
Asset impairment loss (Loss is listed with "-")		
Asset disposal income (Loss is listed with "-")		
II. Operating profit (Loss is listed with "-")	-38,648,035.14	1,671,093,325.01

Add: non-operating income		
Less: non-operating expenses		4,321.51
III. Total profit(The total loss is listed with “-”)	-38,648,035.14	1,671,089,003.50
Less:income tax expenses	-9,717,029.89	-10,804,508.21
IV. Net profit(Net loss is listed with “-”)	-28,931,005.25	1,681,893,511.71
i. Net profit from continuing operations(Net loss is listed with “-”)	-28,931,005.25	1,681,893,511.71
ii. Net profit from discontinued operations(Net loss is listed with “-”)		
V. Net other comprehensive income	-7,500,000.00	5,512,500.00
i. Other comprehensive income that cannot be reclassified into profit or loss	-7,500,000.00	5,512,500.00
1.Changes from the remeasurement of the defined benefit plan		
2.Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3.Changes in fair value of other equity instruments	-7,500,000.00	5,512,500.00
4.Changes in fair value of the company's own credit risk		
5.Other		
ii. Other comprehensive income that will be reclassified into profit or loss		
1.Other comprehensive income of convertible profit and loss under the equity method		
2.Changes in fair value of other debt investments		
3.Financial assets reclassified into other comprehensive income		
4.Credit impairment provisions of other debt investment		
5.Cash flow hedge reserve		
6.Foreign currency financial statement translation difference		
7.Other		
VI. Total comprehensive income	-36,431,005.25	1,687,406,011.71
VII. Earnings per share:		
i Basic earnings per share		
ii Diluted earnings per share		

5.Consolidated cash flow statement

Unit: RMB

Items	2020	2019
I. Cash flow from operating activities:		
Cash received from the sale of goods and services	13,887,896,355.44	10,149,942,938.70
Net increase in customer deposits and interbank deposits		
Net increase in borrowing from central bank		
Net increase in funds borrowed from other financial institutions		
Cash received from the original insurance contract premium		
Net cash received from reinsurance business		
Net increase in policyholders' deposits and investment funds		
Cash charged with interest, handling fees and commissions		
Net increase in funds borrowed in		
Net increase in repurchase funds		
Net cash received from agent buying and selling of securities		
Tax refund		
Other cash received related to other business activities	282,559,487.03	43,247,155.21
Subtotal of cash inflow from operating activities	14,170,455,842.47	10,193,190,093.91
Cash paid for the purchase of goods and services	1,992,245,380.72	1,743,460,556.18
Net increase in customer loans and advances		
Net increase in deposit of central bank and interbank		
Cash paid for the original insurance contract		
Net increase in borrowed funds		
Cash paid for interest, handling fees and commissions		
Cash paid for policy dividends		
Cash paid to and for employees	5,483,601,700.80	4,169,211,234.25
Various taxes paid	428,071,845.08	594,214,853.17

Other cash paid for business activities	1,384,067,813.96	1,212,317,365.12
Subtotal of cash outflows from business activities	9,287,986,740.56	7,719,204,008.72
Net cash flow from operating activities	4,882,469,101.91	2,473,986,085.19
II. Cash flows from investing activities:		
Cash received from investment recovery	41,255,088,090.00	27,446,550,000.00
Cash received from investment income	194,836,246.67	197,260,373.01
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	206,748.59	
Net cash received from disposal of subsidiaries and other business units		
Other cash received related to investing activities		
Subtotal of cash inflows from investment activities	41,450,131,085.26	27,643,810,373.01
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	1,325,074,196.98	719,887,283.47
Cash paid for investment	41,033,698,090.00	27,055,030,000.00
Net increase in pledge loans		
Net cash paid for r acquiring subsidiaries and other business units		
Other cash paid related to investing activities	200,000,000.00	
Subtotal of cash outflows from investment activities	42,558,772,286.98	27,774,917,283.47
Net cash flows from investing activities	-1,108,641,201.72	-131,106,910.46
III. Cash flow from financing activities:		
Cash received from investment absorption		
Including:cash received from subsidiaries in absorbing minority shareholders' investment		
Cash received from the loan	5,269,000,000.00	3,343,698,800.00
Other cash received related to fundraising activities	1,000,000.00	
Subtotal of cash inflows from financing activities	5,270,000,000.00	3,343,698,800.00
Cash paid for debt repayment	4,167,000,000.00	2,083,698,800.00
Cash paid for dividends, profits or interest payments	1,649,792,933.80	1,525,752,347.67
Including:dividends and profits paid by subsidiaries to minority shareholders		
Other cash paid related to financing activities	1,333,478.85	1,503,370.80

Subtotal of cash outflows from financing activities	5,818,126,412.65	3,610,954,518.47
Net cash flow from financing activities	-548,126,412.65	-267,255,718.47
IV. Effect of the changes of the exchange rate on cash and the equivalents		
V. Net increase in cash and cash equivalents	3,225,701,487.54	2,075,623,456.26
Add: balance of cash and cash equivalents at the beginning of the period	2,724,335,001.58	648,711,545.32
VI. Balance of cash and cash equivalents at the end of the period	5,950,036,489.12	2,724,335,001.58

6. Parent company cash flow statement

Unit: RMB

Items	2020	2019
I. Cash flow from operating activities:		
Cash received from the sale of goods and services		
Tax refund		
Other cash received related to other business activities	407,436,454.23	554,084,857.75
Subtotal of cash inflow from operating activities	407,436,454.23	554,084,857.75
Cash paid for the purchase of goods and services		
Cash paid to and for employees		21,732.78
Various taxes paid	5,086,642.85	20,871,407.10
Other cash paid for business activities	610,796,109.47	92,852,186.19
Subtotal of cash outflows from business activities	615,882,752.32	113,745,326.07
Net cash flow from operating activities	-208,446,298.09	440,339,531.68
II. Cash flows from investing activities:		
Cash received from investment recovery		23,960,000.00
Cash received from investment income	1,700,249,600.00	1,550,030,534.61
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other business units		
Other cash received related to investing activities		
Subtotal of cash inflows from investment activities	1,700,249,600.00	1,573,990,534.61
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	300,000,000.00	32,330,744.18

Cash paid for investment	501,500,000.00	24,060,000.00
Net cash paid for acquiring subsidiaries and other business units		
Other cash paid related to investing activities		
Subtotal of cash outflows from investment activities	801,500,000.00	56,390,744.18
Net cash flows from investing activities	898,749,600.00	1,517,599,790.43
III. Cash flow from financing activities:		
Cash received from investment absorption		
Cash received from the loan	1,100,000,000.00	
Other cash received related to fundraising activities	1,000,000.00	
Subtotal of cash inflows from financing activities	1,101,000,000.00	
Cash paid for debt repayment	230,000,000.00	216,000,000.00
Cash paid for dividends, profits or interest payments	1,511,121,270.02	1,738,432,883.87
Other cash paid related to financing activities	1,333,478.85	1,503,370.80
Subtotal of cash outflows from financing activities	1,742,454,748.87	1,955,936,254.67
Net cash flow from financing activities	-641,454,748.87	-1,955,936,254.67
IV. Effect of the changes of the exchange rate on cash and the equivalents		
V. Net increase in cash and cash equivalents	48,848,553.04	2,003,067.44
Add:balance of cash and cash equivalents at the beginning of the period	6,931,803.33	4,928,735.89
VI. Balance of cash and cash equivalents at the end of the period	55,780,356.37	6,931,803.33

7. Consolidated statement of changes in owners' equity

Current Amount

Unit: RMB

Items	Year 2020														Minority interests	Total equity
	Equity attributable to equity holders of the parent company												Subtotal			
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General risk preparation	Undistributed profits	Other				
	Preferred stock	Perpetual bond	Other													
I. Ending balance of last year	103,807,623.00				1,198,581,049.50		37,500,000.00		45,000,000.00		2,046,657,231.32		3,431,545,903.82	-6,019.50	3,431,539,884.32	
Add: Impact from changes in accounting policies																
Impact from corrections of errors in prior period																
Business combination under common control																
Other																
II. Beginning balance of current year	103,807,623.00				1,198,581,049.50		37,500,000.00		45,000,000.00		2,046,657,231.32		3,431,545,903.82	-6,019.50	3,431,539,884.32	
III. Movement for current year ("-" for decrease)					26,900,000.00		-7,500,000.00				824,181,889.38		843,581,889.38	-25,976.89	843,555,912.49	
i. Total comprehensive income							-7,500,000.00				2,304,357,742.74		2,296,857,742.74	-25,976.89	2,296,831,765.85	
ii. Shareholder's contributions and withdrawals of capital					26,900,000.00								26,900,000.00		26,900,000.00	
1. Common stock contributed by shareholders																
2. Capital contributed by other equity instruments holders																
3. Share-based payment recorded in shareholder's equity					26,900,000.00								26,900,000.00		26,900,000.00	
4. Other																
iii. Profits distribution											-1,480,175,853.36		-1,480,175,853.36		-1,480,175,853.36	
1. Appropriation of surplus reserve																
2. Withdraw general risk reserves																
3. Distribution to shareholders											-1,480,175,853.36		-1,480,175,853.36		-1,480,175,853.36	
4. Other																
iv. Internal transfer within shareholder's equity																
1. Conversion of capital reserve into share capital																
2. Conversion of surplus reserve into share capital																
3. Recover of loss by surplus																
4. Change of defined benefit obligations carried forward to																
5. Other comprehensive income carried forward to retained earnings																
6. Other																
v. Special reserve																
1. Accrual of special reserve																
2. Utilization of special reserve																
vi. Other																
IV. Ending balance of current year	103,807,623.00				1,225,481,049.50		30,000,000.00		45,000,000.00		2,870,839,120.70		4,275,127,793.20	-31,996.39	4,275,095,796.81	

Amount of the previous period

Unit: RMB

Items	Year 2019														Minority interests	Total equity
	Equity attributable to equity holders of the parent company												Subtotal			
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General risk preparatio	Undistributed profits	Other				
	Preferred stock	Perpetual bond	Other													
I. Ending balance of last year	103,807,623.00				1,144,781,049.50				45,000,000.00		1,660,363,232.50		2,953,951,905.00		2,953,951,905.00	
Add: Impact from changes in accounting policies							31,987,500.00				247,170.28		32,234,670.28		32,234,670.28	
Impact from corrections of errors in prior period																
Business combination under common control																
Other																
II. Beginning balance of current year	103,807,623.00				1,144,781,049.50		31,987,500.00		45,000,000.00		1,660,610,402.78		2,986,186,575.28		2,986,186,575.28	
III. Movement for current year("-" for decrease)					53,800,000.00		5,512,500.00				386,046,828.54		445,359,328.54	-6,019.50	445,353,309.04	
i. Total comprehensive income							5,512,500.00				1,804,548,688.01		1,810,061,188.01	-6,019.50	1,810,055,168.51	
ii. Shareholder's contributions and withdrawals of capital					53,800,000.00								53,800,000.00		53,800,000.00	
1. Common stock contributed by shareholders																
2. Capital contributed by other equity instruments holders																
3. Share-based payment recorded in shareholder's equity					53,800,000.00								53,800,000.00		53,800,000.00	
4. Other																
iii. Profits distribution											-1,418,501,859.47		-1,418,501,859.47		-1,418,501,859.47	
1. Appropriation of surplus reserve																
2. Withdraw general risk reserves																
3. Distribution to shareholders											-1,418,501,859.47		-1,418,501,859.47		-1,418,501,859.47	
4. Other																
iv. Internal transfer within shareholder's equity																
1. Conversion of capital reserve into share capital																
2. Conversion of surplus reserve into share capital																
3. Recover of loss by surplus reserve																
4. Change of defined benefit obligations carried forward to retained earnings																
5. Other comprehensive income carried forward to retained earnings																
6. Other																
v. Special reserve																
1. Accrual of special reserve																
2. Utilization of special reserve																
vi. Other																
IV. Ending balance of current year	103,807,623.00				1,198,581,049.50		37,500,000.00		45,000,000.00		2,046,657,231.32		3,431,545,903.82	-6,019.50	3,431,539,884.32	

8. Statement of changes in owner's equity of the parent company

Current Amount

Unit: RMB

Items	Year 2020											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	Other	Total equity
		Preferred stock	Perpetual bond	Other								
I. Ending balance of last year	6,167,399,389.00				12,775,326,370.33		37,500,000.00		387,458,806.65	1,527,629,604.14		20,895,314,170.12
Add: Impact from changes in accounting policies												
Impact from corrections of errors												
Other												
II. Beginning balance of current year	6,167,399,389.00				12,775,326,370.33		37,500,000.00		387,458,806.65	1,527,629,604.14		20,895,314,170.12
III. Movement for current year ("-" for decrease)							-7,500,000.00			-1,509,106,858.61		-1,516,606,858.61
i. Total comprehensive income							-7,500,000.00			-28,931,005.25		-36,431,005.25
ii. Shareholder's contributions and withdrawals of capital												
1. Common stock contributed by shareholders												
2. Capital contributed by other equity instruments holders												
3. Share-based payment recorded in shareholder's equity												
4. Other												
iii. Profits distribution										-1,480,175,853.36		-1,480,175,853.36
1. Appropriation of surplus reserve												
2. Distribution to shareholders										-1,480,175,853.36		-1,480,175,853.36
3. Other												
iv. Internal transfer within shareholder's equity												
1. Conversion of capital reserve into share capital												
2. Conversion of surplus reserve into share capital												
3. Recover of loss by surplus reserve												
4. Change of defined benefit obligations carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Other												
v. Special reserve												
1. Accrual of special reserve												
2. Utilization of special reserve												
vi. Other												
IV. Ending balance of current year	6,167,399,389.00				12,775,326,370.33		30,000,000.00		387,458,806.65	18,522,745.53		19,378,707,311.51

Amount of the previous period

Unit: RMB

Items	Year 2019											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	Other	Total equity
		Preferred stock	Perpetual bond	Other								
I. Ending balance of last year	6,167,399,389.00				12,775,326,370.33				219,269,455.48	1,432,427,303.07		20,594,422,517.88
Add: Impact from changes in accounting policies						31,987,500.00						31,987,500.00
Impact from corrections of errors in prior period												
Other												
II. Beginning balance of current year	6,167,399,389.00				12,775,326,370.33	31,987,500.00			219,269,455.48	1,432,427,303.07		20,626,410,017.88
III. Movement for current year ("-" for decrease)						5,512,500.00		168,189,351.17	95,202,301.07			268,904,152.24
i. Total comprehensive income						5,512,500.00				1,681,893,511.71		1,687,406,011.71
ii. Shareholder's contributions and withdrawals of capital												
1. Common stock contributed by shareholders												
2. Capital contributed by other equity instruments holders												
3. Share-based payment recorded in shareholder's equity												
4. Other												
iii. Profits distribution								168,189,351.17		-1,586,691,210.64		-1,418,501,859.47
1. Appropriation of surplus reserve								168,189,351.17		-168,189,351.17		
2. Distribution to shareholders										-1,418,501,859.47		-1,418,501,859.47
3. Other												
iv. Internal transfer within shareholder's equity												
1. Conversion of capital reserve into share capital												
2. Conversion of surplus reserve into share capital												
3. Recover of loss by surplus reserve												
4. Change of defined benefit obligations carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Other												
v. Special reserve												
1. Accrual of special reserve												
2. Utilization of special reserve												
vi. Other												
IV. Ending balance of current year	6,167,399,389.00				12,775,326,370.33	37,500,000.00			387,458,806.65	1,527,629,604.14		20,895,314,170.12

Section III. General Information

1. Overview of the Company

Offcn Education Technology Co., Ltd. (hereinafter referred to as the “Company” or “the Company”) was formerly known as Yaxia Automobile Co., Ltd. (hereinafter referred to as “Yaxia Auto”). Yaxia Auto, a limited company established by Wuhu Yaxia Industrial Co., Ltd obtained the Enterprise Business License of Enterprise Legal Person No. 3402012104768 issued by Wuhu Administration for Industry and Commerce on November 30, 2006. Yaxia Auto was approved by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) for The approval of the initial public offering of Wuhu Yaxia Automobile Co., Ltd. (CSRC License [2011] No. 1046) and issued RMB 22 million common shares to the public and traded on the Shenzhen Stock Exchange in August 2011. The controlling shareholder is Anhui Yaxia Industrial Co., Ltd. (hereinafter referred to as “Yaxia Industrial”). On July 1, 2016, the Company obtained the No. 91340200711040703A “Enterprise Business License of Enterprise Legal Person” issued by Wuhu Administration for Industry and Commerce. As of December 31, 2020, the Company's share capital was RMB 6,167,399,389.00.

In accordance with the resolution of the 3rd Extraordinary General Meeting of Yaxia Auto in 2018 and the resolution of the 24th Board Meeting of the 4th Board of Directors, and approved by China Securities Regulatory Commission’s The approval of major asset restructuring of Yaxia Automobile Co., Ltd. and the issuance of shares to Lu Zhongfang and others for asset purchase (Securities Regulatory Commission [2018] No. 1975), Yaxia Auto swapped all assets and liabilities (“exchange-out assets”) as of the assessment date, excluding the retained assets that do not constitute business, with the equivalent portion (“exchange-in assets”) of 100.00% of the equity in Beijing Offcn Education Technology Co., Ltd. (hereinafter referred to as “Offcn Ltd.”) respectively held by 11 transaction counter-parties including Li Yongxin, and paid the difference between the exchange-out assets and the exchange-in assets by issuing shares.

On December 27, 2018, Yaxia Auto and the counterpart Yaxia Industrial signed the Confirmation of Delivery of Exchange-out Assets. The delivery date of the exchange-out assets was December 27, 2018. And from the date of delivery, Yaxia Auto and the counterpart would complete the delivery obligations, regardless of whether the delivery, ownership change registration or filing procedures of exchange-out assets (including but not limited to land use rights, housing ownership, intellectual property rights and qualifications, licenses, other intangible assets, etc.) is actually completed; the ownership of the exchange-out assets belongs to Yaxia Industrial, and all the rights, obligations, responsibilities and risks related to the disposed assets (including contingent liabilities and implicit liabilities) are owned and undertaken by Yaxia Industrial, which has the completely exclusive actual control and disposal rights over the exchange-out assets, while Yaxia Auto no longer has any actual rights. On the same day, Offcn Ltd. completed the registration procedures for industrial and commercial changes on the matters of shareholder change. After the completion of this alteration, Yaxia Auto holds a 100.00% stake in Offcn Ltd., and accordingly, Li Yongxin and Lu Zhongfang become the controlling shareholder and actual controller of the

Company. On February 2, 2019, Yaxia Auto changed its name and its business scope.

On January 23, 2019, the registration procedures for the transfer of shares of the Company and the new shares of the Company related to the restructuring transaction were completed.

Unified social credit code: 91340200711040703A

Company residence: Yaxia Automobile City, Yijiang North Road, Jiujiang District, Wuhu City, Anhui Province

Headquarters Address: Hanhua Century Building B, Xueqing Road 23, Haidian District, Beijing

Nature of business: Education

Nature of customer: Mainly natural persons

Business Scope: engaged in technology development, technical services, technology promotion, technology transfer, technical consulting and the business of education and training (reserved to branches) in the field of education and technology; holding exhibitions; organizing cultural and artistic exchange activities (excluding performances); offering conference services and consulting services of enterprise management. (Projects subject to approval according to the law can be carried out under the approval of the relevant departments)

The Financial Statements were approved by the Board of Directors of the Company on April 28, 2021.

2. The scope of the consolidated financial statements

The consolidated scope of the consolidated financial statements of the Company is determined on a control basis, including the financial statements of the Company and all subsidiaries. A subsidiary is an enterprise or entity controlled by the Company. The scope of the consolidated financial statements is detailed in Note IX (1) "Interest in subsidiaries" of this report; changes in the scope of consolidated financial statements are detailed in Note VIII. "Changes in the Consolidated Scope" of this report.

Section IV. Basis for Preparation of Financial Statements

1. Basis of preparation

The financial statements are prepared on a going concern basis, according to the actual transactions and the relevant provisions of the Accounting Standards for Business Enterprises (collectively referred to as the "CASs"), and based on the important accounting policies and accounting estimates described below.

2. Going concern

After evaluating the ability to continue operations for 12 months from December 31, 2020 and estimating on the basis of all the information available, the Company did not find any matters and situations that may cast significant doubts on the ability to continue operations. Therefore, it is reasonable for the Company to prepare financial statements on a going concern basis.

Section V. The Company's Significant Accounting Policies and Accounting Estimates

Notes on specific accounting policies and accounting estimates:

None

1. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements based on the above-mentioned preparation basis meet the requirements of the latest CASs and its application guidelines, interpretations, and other relevant regulations issued by the Ministry of Finance, which truly and completely present the Company's financial position, business performance, cash flows and other information for the year then ended.

In addition, the financial report is compiled by reference to the listing and disclosure requirements of the Rules for the Information Disclosure and Compilation of Companies Publicly Issuing Securities NO.15 — General Provisions for Financial Report (Revised in 2014) of the CSRC as well as the Notice on Implementation of the New Accounting Standards for Listed Companies (Letter of the Accounting Department [2018] no. 453).

2. Accounting period

The Company's accounting period starts on January 1 and ends on December 31.

3. Business cycle

The Company's business cycle starts on January 1 and ends on December 31.

4. Recording currency

The Company adopts Renminbi (RMB) as their recording currency.

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

5.1 The accounting treatment of business combinations involving enterprises under common control

The Company achieves a merger under the same control in one transaction or through step-by-step multiple transactions. Assets and liabilities obtaining from the merger of enterprise are measured according to the share of book value of consolidated financial statements of final controlling party under the owner's equity of combined party within combining date. The difference between the book value of the net assets obtained by the Company and book value of combined consideration paid (or the aggregate face value of shares issued as consideration) is adjusted to the capital reserve; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

5.2 The accounting treatment of business combinations involving enterprises under uncommon control

When the cost of combination exceeds the share in the fair value of the acquiree's identifiable net assets acquired by combination on the purchase date, the difference is recognized as goodwill. If the combination cost is less than the share in fair value of identifiable net assets of acquiree, firstly, the fair value of the acquired party's

identifiable assets, liabilities and contingent liabilities, and the measurement of combination costs should be reviewed. Then, if the combination costs are still less than the acquired share in the fair value of the acquiree's identifiable net asset, the difference will be added into the current profits and losses.

To achieve business combinations not under common control by step-by-step multiple transactions in the following order :

(1) Adjust the initial investment cost of long-term equity investments. If the equity held before the purchase date is accounted for with the equity method, it is remeasured at the fair value of the equity on the purchase date, and the difference between the fair value and its book value is included in the current investment income; if other comprehensive income and other owners' equity with equity method relevant to the equity of the purchased party held before the purchase date change, the changes should be transferred into current income when the purchase happens, except for other comprehensive income arising from net liabilities or net assets' changes of the benefit plan remeasured by the investee and fair value changes of investment in other equity instruments held.

(2) Recognize goodwill (or the amount included in the current profit or loss). Compare the initial investment cost of the adjusted long-term equity investment with the fair value of the identifiable net assets of the subsidiary that should be enjoyed on the purchase date. If the former is greater than the latter, the difference is recognized as goodwill; the former is less than the latter, and the difference is booked into the current profit and loss.

Circumstances of disposing of equity through step-by-step multiple transactions to the loss of control over subsidiaries

(1) Determine whether the various transactions in the process of step-by-step disposal of equity to the loss of control over subsidiaries follow the "package deal" principle

Generally transactions in stages are treated as a package deal in accounting if the transaction terms, conditions, and economic impact of the disposal of the subsidiary's equity interests comply with one or more of the following:

- 1) These transactions are made simultaneously or with consideration of influence on each other;
- 2) These transactions can only achieve a complete business outcome when treated as a whole;
- 3) The occurrence of a transaction depends on the occurrence of at least one of the other transactions;
- 4) A transaction is uneconomical when treated alone, but is economical when considered together with other transactions.

(2) The accounting method of each transaction belonging to the "package deal" in the process of disposing of the equity in stages to the loss of control over the subsidiary

All the transactions, belonging to the package deal in the process of disposing of equity investments in subsidiaries to the loss of control, should be accounted for as one transaction disposing of the subsidiary to the loss of control over it; however, the difference between each disposal price and the share of the subsidiary's net

assets obtained by the disposal of investment before the loss of control shall be recognized as other comprehensive income in the consolidated financial statements and shall be transferred to the profit and loss of the period when the control is lost.

In the consolidated financial statements, the remaining equity should be remeasured at its fair value on the date when the control is lost. The difference between the sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, and the shares of the net assets of the original subsidiary calculated from the purchase date based on the original shareholding ratio, shall be included in the investment income of the period when the control is lost. Other comprehensive income related to the original subsidiary's equity investment shall be converted to current investment income or retained earnings when the control is lost .

(3) The accounting method of each transaction not belonging to the “package deal” in the process of disposing of the equity in stages to the loss of control over the subsidiary

If the disposal of the investment in the subsidiary does not lose control, the difference between the disposal price in the consolidated financial statements and the share of the subsidiary's net assets obtained from the disposal of investment is included in the capital reserve (capital premium or equity premium). If the capital premium is insufficient to offset, the retained earnings should be adjusted.

If the control is lost because of the disposal of investment in a subsidiary, in the consolidated financial statements, the remaining equity should be remeasured at its fair value on the date when control is lost. The sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity minus the share of the net assets that should be calculated by the original subsidiary from the date of purchase based on the original shareholding ratio is included in the investment income of the period when the control is lost. Other comprehensive income related to the equity investment in the original subsidiary shall be converted to current investment income or retained earnings when the control is lost.

6. Preparation of consolidated financial statements

Consolidated financial statements based on the Parent's and its subsidiaries' financial statements are prepared by the Company in accordance with the CASs No.33 — Consolidated financial statement and other relevant materials.

7. Classification of joint arrangement and accounting methods of joint operations

7.1 Identification and classification of joint arrangements

A joint arrangement refers to an arrangement jointly controlled by two or more parties. The joint arrangement has the following characteristics: (1) all participants are bound by the arrangement; (2) two or more participants exercise joint control over the arrangement. No single party shall be able to control the arrangement, and any party that has joint control over the arrangement shall be able to prevent any other party or combination of parties from controlling the arrangement alone.

Joint control refers to the shared control over a certain arrangement as required in the contract. And the decision about the activities of the arrangement can be made only when all participants with the shared control have consented.

A joint arrangement is classified as either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, related to the arrangement. A joint venture is a joint arrangement whereby the joint parties only have the rights to the net assets under this arrangement.

7.2 Accounting treatment of joint arrangements

A joint operator shall recognize the following items in relation to its interests in a joint operation, and account for them in accordance with relevant accounting standards: (1) Its solely-held assets, and its share of any assets held jointly; (2) Its solely-assumed liabilities, and its share of any liabilities incurred jointly; (3) Its revenue from the sale of its share of the output arising from the joint operation; (4) Its share of the revenue from sale of the output by the joint operation; (5) Its solely-incurred expenses and its share of any expenses incurred jointly.

The participants in a joint venture shall, in accordance with the Accounting Standards for Enterprises No.2 — Long-term Equity Investment, make accounting arrangements for the investment of the joint venture.

8. Criteria for the recognition of cash and cash equivalents

The term “cash” in cash flow statement refers to cash on hand and deposits that are available for payment at any time. The term of “cash equivalents” refers to short-term (usually due within 3 months from the purchase date) and highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

9. Translation of foreign currency transactions and foreign currency statement

9.1 Translation of transactions denominated in foreign currencies

On initial recognition, a foreign currency amount is translated into the amount denominated in RMB by applying the spot exchange rate on the date of the transaction announced by People’s Bank of China. At the balance sheet date, foreign currency balance comprised of foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date, and the exchange differences caused by different exchange rates, except the exchange difference of the principal and interest of foreign currency special loans related to the acquisition and construction of assets that meet the capitalization conditions, shall be included into profit and loss for the period; foreign currency non-monetary items measured at historical cost are still converted at the spot exchange rate on the transaction date, and their RMB amount is not changed; foreign currency non-monetary items measured at fair value, are translated at the spot exchange rate on the fair value determination date, and the difference shall be included into profit and loss for the period or other comprehensive income.

9.2 Translation of financial statements denominated in foreign currencies

The assets and liabilities of the balance sheet are translated at the spot exchange rate on the balance sheet date; all items about the owner's equity except the "undistributed profits" are translated at the spot exchange rate on the transaction date; the revenue and expenses in the income statement are translated at the approximate rate of the spot exchange rate on the transaction date. Differences arising from the above translation of financial statements denominated in foreign currencies are recognized as other comprehensive income.

10. Financial instruments

10.1 Recognition and derecognition of financial instruments

The Company recognizes a financial asset or a financial liability when it becomes the contractual party of the financial instrument.

The Company purchases and sells financial assets in regular ways and recognizes and derecognizes the financial assets on a trade date basis. Regular ways of purchasing or selling mean that the receiving or delivery of financial assets should be within the time limit stipulated by regulations or common practices, as agreed in the terms of the contract. Trade date is the date on which the Company promises to buy in or sell out the financial assets.

The Company will derecognize the financial assets (either a part, or a part of a similar group), and write it off the account and the balance sheet, if following conditions are met:

(1) Expiration of the right to receive cash flows from financial assets;

(2) The Company's right to receive cash flows from financial assets has been transferred, or bear the obligation to pay all cash received to the third party in time due to "Hand-Over arrangement"; and (a) almost all risks and benefits of the ownership of the financial assets have been transferred virtually, or (b) though none of risks and benefits of the ownership the financial assets have been transferred or retained virtually, the Company waives the control of the financial assets.

10.2 Classification and measurement of financial assets

According to the business model for managing financial assets and the contractual cash flow characteristics of financial assets, the Company's financial assets have initially been classified as follows: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss of the period. Subsequent measurement of financial assets depends on its categories.

The Company's classification of financial assets is based on the Company's business model of managing financial assets and its characteristics of cash flows.

(1) Financial assets at amortized cost

Financial assets are classified as financial assets at amortized cost when following conditions are met: the Company's business model for managing financial assets targets at receiving contractual cash flows; The

contractual terms of the financial assets stipulate that the cash flows generated on a specific date are exclusively used to pay the principal and the interest based on the outstanding principal amount. For such financial assets, they shall be measured subsequently at amortized cost by effective interest rate method, and gains or losses arising from amortization or impairment are recognized in current profit or loss.

(2) Investment in debt instruments measured at fair value through other comprehensive income

Financial assets are classified as assets that are measured at fair value through other comprehensive income when following conditions are met: the Company's business model for managing financial assets targets at both the receiving of contractual cash flows and the sale of financial assets; the contractual terms of the financial asset stipulate that the cash flows generated on a specific date are exclusively used to pay the principal and the interest based on the outstanding principal amount. Such financial assets are subsequently measured at fair value. The discount or premium is amortized by using the effective interest method and recognized as interest income or expense. Except that the impairment loss and the exchange differences of foreign currency monetary financial assets are recognized as profit or loss for the period, the changes in the fair value of such financial assets are recognized as other comprehensive income, and the accumulated gains or losses are transferred into profit or loss until such financial assets are derecognized. Interest income related to such financial assets is included in the current profit and loss.

(3) Equity instrument investment measured at fair value through other comprehensive income

The Company irrevocably designated part of the non-trading equity instrument investment as financial assets measured at fair value through other comprehensive income, and the related dividend income is included in current profit or loss. The changes of fair value are included in other comprehensive income and the accumulated gains or losses are transferred into retained earnings until the financial assets are derecognized.

(4) Financial assets measured at fair value through current profit and loss

Any financial assets that are not recognized as the financial assets measured at amortized cost or at fair value through other comprehensive income mentioned above are measured at fair value through current profit or loss. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatches, financial assets can be designated as financial assets at fair value through profit or loss. Such financial assets are subsequently measured at fair value, and all changes in fair value are recognized in current profit or loss.

When and only when, the Company changes its business model for managing financial assets it shall reclassify all affected financial assets.

For financial assets measured at fair value through current profit or loss, the related transaction expense is directly recognized in current profit or loss as incurred. And other financial assets' transaction expense is included in the initial recognition amount.

10.3 Classification and measurement of financial liabilities

The Company's financial liabilities have initially been classified as follows: financial liabilities at amortized cost and financial liabilities at fair value through current profit or loss.

The financial liabilities meeting any of the following conditions can be initially designated as the financial liabilities at fair value through current profit or loss: (1) Such designation can eliminate or significantly reduce accounting mismatches. (2) According to corporate risk management or investment strategies as stated in formal written documents, the management and performance evaluation of financial liability portfolios or combinations of financial assets and financial liabilities are based on fair value, and reported to key management personnel on this basis within the Company. (3) Such financial liabilities include embedded derivatives that need to be split separately.

The Company determines the classification of financial liabilities at initial recognition. For financial liabilities measured at fair value through current profit or loss, the related transaction expense is directly recognized in current profit or loss. The related transaction expense of other financial liabilities is included in the initial recognition amount.

Subsequent measurement of financial liabilities depends on its categories:

(1) Financial liabilities at amortized cost

Such financial liabilities are subsequently measured by using the effective interest rate method at amortized cost.

(2) Financial liabilities at fair value through current profit or loss

Financial liabilities measured at fair value through current profit or loss, include transactional financial liabilities (including derivatives of financial liabilities) and those initially designated as financial liabilities measured at fair value through current profit or loss.

10.4 Offsetting of financial instruments

If the following conditions are met at the same time, the net amount obtained after the offsetting of financial assets and financial liabilities shall be shown in the balance sheet: there is a legal right to offset the recognized amount, and such legal right is currently enforceable; plan to settle on a net basis, or cash the financial assets and liquidate the financial liabilities at the same time.

10.5 Impairment of financial assets

The Company undertakes impairment treatment and confirms loss provisions based on expected credit losses as for the financial assets at amortized cost, debt instrument investments at fair value through other comprehensive income, financial guarantee contracts and etc.. Credit loss refers to the difference between the cash flow of all contracts discounted at the original effective interest rate and the expected cash flow of all contracts receivables, i.e. the present value of all cash shortages.

The Company estimates, individually or in combination, the expected credit losses of financial assets

measured at amortized cost and financial assets (debt instruments) measured at fair value through other comprehensive income, taking into account all reasonable and evidence-based information, including forward-looking information.

(1) General model of expected credit loss

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company shall measure the loss provision at the amount equivalent to the expected credit loss of the financial instrument for the entire life of the instrument; If the credit risk of the financial instrument has not increased significantly since the initial recognition, the Company shall measure the loss provision at the amount equivalent to the expected credit loss of the financial instrument in the next 12 months. The increase or rollover amount of the loss provision shall be recorded in the current profit and loss as an impairment loss or gain. For the Company's specific assessment of credit risk, please refer to this report Note X "Risks Associated With Financial Instruments" for details.

Specifically, the Company divides the process of credit impairment of financial instruments without credit impairment at the time of purchase or origination into three stages. There are different accounting treatments for the impairment of financial instruments at different stages:

Stage 1: credit risk has not increased significantly since initial recognition.

For the financial instrument at this stage, the Company shall measure the loss provision according to the expected credit loss in the next 12 months, and calculate the interest income according to its book balance (that is, the impairment provision is not deducted) and the actual interest rate (if the instrument is a financial asset, the same as below).

Stage 2: Credit risk has increased significantly since the initial recognition, but credit impairment has not yet occurred.

For a financial instrument at this stage, the Company shall measure the loss provision according to the expected credit loss of the instrument throughout its life, and calculate interest income according to its book balance and actual interest rate.

Stage 3: Credit impairment occurs after initial recognition.

For the financial instrument in this stage, the Company shall measure the loss provision according to the expected credit loss of the instrument throughout its lifetime, but the calculation of interest income is different from that of the financial asset in the first two stages. For the financial assets whose credit impairment has occurred, the Company shall calculate the interest income at their amortized cost (book balance less the impairment provision, that is, book value) and the actual interest rate.

For financial assets whose credit impairment has occurred at the time of purchase or origin, the Company shall only recognize the changes in the expected credit loss during the whole duration after the initial recognition

as loss provision, and calculate interest income at their amortized cost and the actual interest rate adjusted by credit.

(2) The Company chooses not to compare the credit risk of a financial instrument with a lower credit risk on the balance sheet date with the credit risk at the time of the initial recognition, but directly assumes that the credit risk of the instrument has not increased significantly since the initial recognition.

If the Company confirms that the default risk of the financial instruments is low, the borrowers' short-term ability to fulfill its obligation to pay the contract cash flow is very strong, and even the economic situation and business environment is in a long-term adverse change, the borrower's ability to fulfill its obligation to pay the contract cash flow will not be necessarily reduced, then the financial instruments can be deemed with a lower credit risk.

(3) Receivables and lease receivables

For the receivables stipulated by the Accounting Standards for Enterprises No. 14 — Revenues as receivables without major financing elements (including the situation when the financing elements of the contract no more than a year are not taken into consideration according to the Standards), the Company adopts the simplified model of expected credit losses, and measures the loss provision always in accordance with the expected amount of credit losses throughout the duration.

For receivables containing significant financing elements and lease receivables specified in the Accounting Standards for Business Enterprises No. 21 — Leasing, the Company makes an accounting policy choice and adopts a simplified model of expected credit loss, that is, to measure the loss provision according to the amount equivalent to the expected credit loss in the whole duration.

10.6 Financial assets transfer

If almost all the risks and rewards of ownership of financial assets have been transferred to the transferee, the financial assets are derecognized; if almost all the risks and rewards of ownership of the financial assets are retained, the financial assets are not derecognized.

Neither transfer nor retain almost all risks and rewards of ownership of financial assets, which are dealt with as follows: if the control of financial assets are waived, derecognize the financial assets and recognize the assets and liabilities; if not, it needs to recognize the relevant financial assets according to the extent to which they continue to be involved in the transferred financial assets, and recognize the related liabilities.

If the transferred financial assets are continued to be involved by financial warranty, the assets should be recognized at the lower one between the book value of the financial assets and the financial warranty amount. The financial warranty amount refers to the maximum amount of the consideration received that will be required to be repaid.

11. Notes receivable

None

12. Accounts receivable

For accounts receivable, whether significant financing is involved in or not, the simplified model of expected credit loss is adopted. The Company will always measure its provision for loss based on the amount equivalent to the expected credit loss of its entire duration, and the increase or reversal amount of the provision for loss resulting therefrom is included in the profit and loss of the period as an impairment loss or gain.

The Company considers all reasonable and evidence-based information, including forward-looking information, to estimate the expected credit loss of the accounts receivables individually or in combination.

When a single financial asset can evaluate the expected credit loss at a reasonable cost, the Company chooses to calculate the credit loss individually. When a single financial asset cannot evaluate the expected credit loss at a reasonable cost, the Company will divide the accounts receivables into several combinations in accordance with the characteristics of credit risk, and the expected credit loss is calculated on the basis of the combination. The basis for determining the combination is as follows:

Types of combination	The basis for determining the combination
Combination 1	Receivables from related companies
Combination 2	Receivables from hotel services
Combination 3	Other receivables

For the accounts receivable classified as a combination, the Company refers to the historical credit loss experience, and combines the current situation and the forecast of future economic conditions, to prepare a comparison table of the age of accounts receivable and the expected credit loss rate for its entire duration and calculate the expected credit loss.

13. Receivables financing

If a financial asset meets the following conditions at the same time, it is recognized as a financial assets at fair value through other comprehensive income: the Company's business model for managing the financial asset is to both collect contractual cash flows and sell financial assets. The contractual terms of the financial asset stipulate that the cash flows generated on a particular date are only used as payment of principal and interest based on the amount of outstanding principal.

The Company transfers the receivables held by discount or endorsement with a high frequency and a large amount, and its actual business model of management is characterized by both receiving contractual cash flows and selling them. In accordance with the relevant provisions about financial instruments, the receivables mentioned above are recognized as financial assets at fair value through other comprehensive income.

14. Other receivables

Determination method and accounting treatment method of expected credit loss of other receivables

The Company adopts the general model of expected credit loss to deal with other receivables, as detailed in Note V (10) “Financial Instruments”.

The Company considers all reasonable and substantiated information, including forward-looking information, to estimate the expected credit loss of other receivables individually or in combination.

When single financial assets can evaluate the expected credit loss at a reasonable cost, the Company chooses to calculate the credit loss individually. When a single financial asset cannot evaluate the expected credit loss at a reasonable cost, the Company will divide the other receivables into several portfolios in accordance with the characteristics of credit risk, and the expected credit loss is calculated on the basis of the combination. The basis for determining the combination is as follows:

Type of combination	The basis for determining the combination
Combination 1	Receivables from related parties
Combination 2	Receivables from employee reserve funds, deposits, and security deposits
Combination 3	Receivables not in Combination 1 and Combination 2

For other receivables divided into portfolios, the Company refers to the historical credit loss experience and combines the current situation and the forecast of future economic conditions, to calculate the expected credit loss based on default risk exposure and expected credit loss rate in the next 12 months or the whole duration.

15. Inventory

15.1 Classification of inventories

Inventories refer to the finished goods or commodities held for sale in daily activities, goods in progress in the production process, and consumed materials and supplies in the process of production or providing services.

15.2 Method of valuation for delivery of inventory

The monthly weighted average method is used to deliver the inventory.

15.3 The basis for determining the net realizable value of inventories and the method of accruing inventory depreciation reserves

On the balance sheet date, inventories are measured at the lower between cost and net realizable value and the provision for inventory depreciation is made based on the difference between the inventory category cost and the net realizable value. For inventories directly used for sale, in the normal production and operation process, the net realizable value is determined by the amount of the estimated selling price of the inventory less the estimated sales cost and relevant taxes and fees; for material inventories that need to be processed, in the normal production and operation process, the net realizable value is determined by the amount of the estimated selling price of finished products produced less the estimated cost to be occurred during the producing process, the estimated

selling expenses and related taxes and fees; on the balance sheet date, if some of the inventory has contractual price and the others do not, the net realizable value is determined separately and by comparing with its corresponding cost, the amount of the provision for inventory depreciation or reversal is determined separately.

15.4 Inventory stocktaking system

The perpetual inventory system is maintained for inventory stocktaking system.

15.5 Amortization of low-value consumables and packages

(1) Low-value consumables

Low-value consumables are amortized by one-time write-off.

(2) Packages

Packages are amortized by one-time write-off.

16. Contract assets

16.1 Method and standard for determination of contract assets

The Company lists contract assets or contract liabilities in the balance sheet based on the relationship between the performance of obligations and customer payments. The consideration (except the receivables) that the Company has the right to receive in exchange for goods or services that the Company has transferred to the customer is listed as contract assets.

16.2 Methods for determining and accounting of expected credit loss of contract assets

For contract assets, whether significant financing is involved in or not, the simplified model of expected credit loss is adopted. The Company will always measure its provision for loss based on the amount equivalent to the expected credit loss of its entire duration, and the increase or reversal amount of the provision for loss resulting therefrom is included in the profit and loss of the period as an impairment loss or gain.

17. Contract costs

Contract costs are divided into contract performance costs and contract acquisition costs.

The cost incurred by the Company to perform the contract is recognized as an asset as the contract performance cost when meeting the following conditions:

1. The cost is directly related to a current or expected contract, including direct labor and materials expenses, manufacturing expenses (or similar expenses), clearly defined costs borne by the customer, and other costs incurred only due to the contract;
2. The cost increases the Company's future resources for fulfilling contract obligations;
3. The cost is expected to be recovered.

If the incremental cost incurred by the Company for obtaining the contract is expected to be recovered, it is recognized as an asset as the cost of obtaining the contract; however, if the amortization period of the asset does

not exceed one year, the Company could include it in the current profits and losses when it occurs.

Assets related to contract costs are amortized on the same basis as the revenue of goods or services related to the asset.

If the book value of assets related to contract costs is higher than the difference between the following two items, the Company will make provisions for impairment for the excess part and recognize it as the asset impairment loss:

1. The remaining consideration expected to be obtained due to the transfer of goods or services related to the asset;
2. Costs estimated to incur for the transfer of the related goods or services

If the aforementioned asset impairment provision is subsequently reversed, the book value of the asset after reversal shall not exceed the book value of the asset on the date of reversal under the assumption that no impairment provision is made.

18. Holding for sale

The Company divides the corporate components (or non-current asset) that meet all of the following conditions into holding for sale: (1) Based on the usual practice of selling such assets or disposal groups in similar transactions, they can be sold immediately under current conditions; (2) The sale is highly probable, a resolution has been made on a sale plan, a firm purchase commitment (a firm purchase commitment refers to a legally binding purchase agreement signed by the enterprise and other parties. The agreement has important items about transaction price, time and sufficiently severe default penalty so there is little possibility of significant adjustment or revocation of the agreement) has been obtained and it is expected that the sale will be completed within one year. Approvals from relevant authorities or regulatory authorities have been obtained in accordance with relevant regulations.

The Company adjusts the expected net salvage value held for sale to reflect the net amount of its fair value less costs to sell (not over its original book value). The difference between the original book value and the adjusted net residual value is included in the profit or loss of the current period as an asset impairment loss. At the same time, provision for impairment of assets held for sale is made. For the amount of impairment loss of assets confirmed by the disposal group held for sale, the book value of goodwill in the disposal group should be offset first, and then the book value should be offset on the proportion of the book value of various non-current assets in the disposal group which is applicable to the measurement requirements of this standard.

If the net value of the fair value of the non-current assets held for sale on the balance sheet date less than the selling expenses increases, the amount of the previous write-down shall be restored, it shall be reversed within the amount of asset impairment loss recognized after being classified as held for sale, and the reversed amount shall be included in the current profit and loss. The amount of the loss is reversed and the amount reversed is included in the current profit or loss. Impairment losses on assets recognized prior to classification as held for sale shall not

be reversed. If the net value of the fair value of the disposal group held for sale on the subsequent balance sheet day less than the selling expenses increases, the amount previously written down shall be restored, it shall be reversed within the amount of asset impairment loss recognized by the non-current assets which are applicable to the measurement requirements of this standard after being classified as held for sale, and the reversed amount is included in the current profit or loss. The book value of the goodwill that has been offset and the asset impairment loss recognized before the non-current assets applicable to the measurement of this standard are classified as held for sale shall not be reversed. For the subsequent reversal of the asset impairment loss confirmed by the disposal group held for sale, the face value shall be increased on the proportion of the book value of various non-current assets applicable to the measurement requirements of this standard in the disposal group except the goodwill.

If the Company loses control of the subsidiary because of some reasons including its sale of investments in the subsidiary, it shall classify the overall investment in the subsidiary as held for sale in the parent company's individual financial statements and classify all the assets and liabilities of the subsidiary as held for sale in the consolidated Financial Statements when the investment in the subsidiary to be sold meets the criteria for the held for sale, whether the Company retains part of the equity investment after the sale.

19. Debt investment

The Company uses the general model of expected credit losses for debt investment. For details, please refer to Note V. (10). "Financial Instruments".

20. Other debt investment

None

21. Long-term receivables

None

22. Long-term equity investments

22.1 Determination of investment costs

(1) In case the enterprise mergers are under common control and the combining party offers combined consideration by paying in cash, transferring non-cash assets, assuming debt or issuing equity securities, the initial investment cost shall be book value of the share of the combined party owner's equity in the consolidated financial statements of the final control party on the combination date. capital reserve (capital premium or equity premium) are adjusted based on the difference between initial investment cost in the long-term equity investment and book value of the paid merger consideration or the total amount of the face value of the issued shares; if capital reserve are insufficient to write-downs, it needs to adjust the retained earnings.

Where an enterprise merger under the same control is realized step by step, the initial investment cost shall be the owner's equity share in the combined party's book calculated on shareholding ratio on the merger date. The difference between the initial investment cost and the book value of the original long-term equity investment plus

the sum of the book values of further consideration paid for the new shares on the merger date is adjusted for capital reserve (capital premium or equity premium). If capital reserve is insufficient to offset, it needs to offset the retained earnings.

(2) If the enterprise mergers are under uncommon control, the initial investment cost shall be the fair value of merger consideration paid on the acquisition date.

(3) Except for the situation of enterprise merger: if the purchase is paid in cash, the initial investment cost shall be the purchase price actually paid; Where equity securities are issued, the fair value of equity securities issued shall be taken as the initial investment cost; Where an investor invests, the initial investment cost shall be the value agreed upon in the investment contract or agreement (except where the value agreed upon in the contract or agreement is not fair).

22.2 Subsequent measurement and recognition methods of profits and losses

For the long-term equity investment which enables the Company to control the investee, the Company shall adopt the cost method in the individual financial statements of the Company; long-term equity investments with joint control or significant influence shall be accounted for using the equity method.

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for the the price actually paid upon investment or cash dividends or profits already declared but not yet paid in the consideration, investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee. And at the same in accordance with the relevant asset impairment policy, whether the long-term investment is declined in value shall be considered.

For checking by the equity method, if the initial investment cost of the long-term equity investment is greater than the fair value share of the net identifiable assets of the investee in the investment, the difference between them shall be classified as initial investment cost of the long-term equity investment; if the initial investment cost of the long-term equity investment is smaller than the fair value share of the net identifiable assets of the investee in the investment, the difference is included in current profit and loss and the cost of the long-term equity investment is adjusted.

When the equity method is adopted, after the acquisition of long-term equity investment, the investment profit and loss shall be recognized and the book value of long-term equity investment shall be adjusted according to the share of net profit and loss realized by the investee that should be enjoyed or shared. Upon the confirmation of the enjoyed share of the net profit and loss from the invested entity, it shall be made on the basis of the fair value of the identifiable assets of the investee when the investment is acquired, according to the company's accounting policies and accounting periods, offsetting insider trading profits and losses between associated enterprises and joint ventures, calculating the proportion that shall be included in investor according to the shareholding ratio (but if insider trading loss belongs to the asset impairment loss, it should be fully confirmed) and adjusting the net profit of the investee. According to the profit or cash dividend declared to be distributed by

the investee, the share payable shall be calculated, and correspondingly the book value of the long-term equity investment is reduced. The company shall recognize the net loss incurred by the investee to the extent that the book value of the long-term equity investment and other long-term rights and interests substantially constituting the net investment of the investee shall be written down to zero, except where the company is obligated to bear additional losses. For the changes of owners' equity other than the net profit and loss of the investee, the book value of the long-term equity investment shall be adjusted and included in the owners' equity.

22.3 The basis of controlling and having significant influence on the invested entity

Control refers to having the power over the investee, enjoying the variable return through participating in the investee's relevant activities, and having the ability to use the power over the investee to affect the return amount; major influence means that the investor has the right to participate in the decision making of the financial and business policies of the investee, but cannot control or jointly control the formulation of these policies with other parties.

22.4 Disposal of long-term equity investments

(1) Partial disposal of a long-term equity investment in a subsidiary without loss of control

If part of the long-term equity investment in the subsidiary is disposed of without losing control, the difference between the disposal price and the book value corresponding to the disposal investment shall be recognized as the current investment income.

(2) Loss of control over a subsidiary for partial disposal of an equity investment or other reasons

If the Company loses control over the subsidiary due to the disposal of equity investment partly or other reasons, the book value of the long-term equity investment corresponding to the sold equity shall be carried forward, and the difference between the sale price and the book value of the disposal long-term equity investment shall be recognized as investment income (loss); meanwhile, the remaining equity shall be recognized as long-term equity investment or other relevant financial assets according to its book value. If the remaining equity after disposal is able to exert joint control or significant influence on the subsidiary, accounting treatment shall be conducted according to the relevant provisions of the conversion from cost method to equity method.

22.5 Methods of impairment assessment and determining the provision for impairment loss

For the investment in subsidiaries, joint venture and associates, if there is an objective evidence for the impairment on the balance sheet date, the corresponding impairment provision is made based on the difference between the book value and the recoverable amount.

23. Investment properties

Measurement model of Investment properties

Cost measurement

Depreciation or amortization method

23.1 The Company's investment properties includes the land use right that is leased out, the land use right held for transfer upon capital appreciation, and the building that is leased out.

23.2 The Company initially measures the investment properties at cost, uses the cost model for subsequent measurement, and adopts a depreciation or amortization policy for the investment property, which is in the same way as fixed assets or intangible assets. On the balance sheet date, if there are signs that the investment properties are impaired, the corresponding impairment provision shall be made based on the difference between the book value and the recoverable amount.

24. Fixed Assets

(1) Recognition criteria for fixed assets

Confirmation conditions, valuation and depreciation methods of fixed assets

Fixed assets refer to tangible assets held for use in the production or supply of goods or services, for rental to others, or for operating management purposes, whose useful lives exceed more than one accounting year.

Fixed assets are initially measured at the actual cost at the time of acquisition, and depreciation is calculated by using the straight-line method since the month subsequent to the one in which it is ready for intended use.

(2) Depreciation methods for fixed assets

Category	Depreciation methods	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	Straight-line	20-40	5%	2.38-4.75%
Decoration of buildings	Straight-line	4-10	-	10.00-25.00%
Transportation equipment	Straight-line	4	5%	23.75%
Electronic equipment	Straight-line	3-5	5%	19.00-31.67%
Office equipment	Straight-line	3-5	5%	19.00-31.67%

(3) Basis of asserting, valuation method and depreciation method for fixed assets acquired under financing leases

None

25. Construction in progress

25.1 Construction in progress should be transferred into fixed assets at its actual costs after it has reached the working condition for its intended use. Construction in progress that has reached the working condition but not completed, shall be transferred at its estimated costs. The estimated cost of construction in progress should be

adjusted against the actual costs after completion of settlement, while the depreciation already provided will not be adjusted.

25.2 On the balance sheet date, if there is any indication that the construction in progress may be impaired, the corresponding impairment provision shall be made based on the difference between the book value and the recoverable amount.

26. Borrowing cost

26.1 Recognition criteria of capitalization

Borrowing costs incurred by the company that can be directly attributable to the acquisition, construction or production that meet the capitalization conditions shall be capitalized and included in the relevant asset cost; Other borrowing costs shall be recognized as expenses when incurred and shall be included in the current profit and loss.

26.2 Period of capitalization

(1) When borrowing costs meet the following conditions at the same time, capitalization starts 1) Asset expenditure has occurred. 2) Borrowing costs have incurred 3)The purchase, construction or production activities necessary to make the assets usable or saleable have started.

(2) Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months; Borrowing costs incurred during the suspension period are recognized as current costs until the acquisition, construction or production of the asset are resumed.

(3) Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale.

26.3 Capitalization amount of borrowing costs

If special loans are borrowed for the purpose of purchasing, constructing or producing assets that meet the capitalization conditions, the actual interest expenses incurred during the period of special loans (including the amortization of discounts or premiums determined in accordance with the actual interest rate method), deduct the interest income of banks obtain by the unused borrowing funds or any investment income obtained by the temporary investment will be determined. If the general borrowings are occupied for the purchase, construction or production of assets that meet the capitalization conditions, the Company determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to multiply the weighted average number of asset expenditures in excess of special borrowings by the capitalization rate of general borrowings .

27. Biological assets

None

28. Oil and gas assets

None

29. Right-of-use assets

None

30. Intangible assets

30.1 Valuation method, service life and impairment test

1. Intangible assets, including land use rights etc. are measured initially at costs.

2. Intangible assets with finite service lives are amortized in accordance with the expected realization method of the economic benefits related to the intangible asset over its estimated useful life. If it is not possible to reliably determine the expected realization method, use the straight-line method. The specific years are as follows:

Item	Validity period (Year)
Land use rights	40
Software use rights	5-10
Trademark rights	10

3. On the balance sheet date, if there is any indication that the intangible assets with definite life has been impaired, the corresponding impairment provision shall be made based on the difference between the book value and the recoverable amount. Intangible assets with uncertain service life and intangible assets that have not yet reached the usable state, whether or not there are signs of impairment, are tested for impairment every year.

30.2 Accounting policies for internal research and development expenditure

Expenditure in the research phase of internal research and development projects is included in the current profits and losses when they occur. Expenditure during the development phase that meets the following conditions at the same time is recognized as intangible asset. (1) It is technically feasible to complete the intangible asset so that it will be available for use or sale; (2) The Company has the intention to complete the intangible asset and use or sell it; (3) The Company can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and(5) The expenditure attributable to the intangible asset during its development phase can be reliably measured.

31. Impairment of long-term assets

The Company make judgement on whether there is any indication that the asset may be impaired at the balance sheet date.

The goodwill resulting from a business combination and intangible assets with an uncertain service life was

tested for impairment annually, regardless of whether there is any indication of impairment.

The following indications tell that the asset may be impaired

(1) The market price of assets fell sharply in the current period, and the decline was significantly higher than the expected decline due to the passage of time or normal use; (2) Significant changes of the economic, technical or legal environment in which the enterprise operates and the market in which the assets are located will occur in the current period or in the near future, which will adversely affect the company; (3) The market interest rate or other market investment returns have increased during the current period, which affects the company's discount rate for calculating the present value of the expected future cash flow of assets, leading to the recoverable amount has been greatly reduced; (4) There is evidence that the assets have become obsolete or their entities have been damaged; (5) The assets have been or will be idle, terminated or planned to be disposed of in advance; (6) The evidence reported by the enterprise indicates that economic performance of the assets has been or will be lower than expected, such as the net cash flow created by the assets or the realized operating profit (or loss) is far lower (or higher) than the expected amount; (7) Other indications that the asset may have signs of impairment.

If there are any signs of asset impairment, the recoverable amount should be estimated.

The recoverable amount should be determined based on the higher of the net amount of the fair value of the asset minus the disposal costs and the present value of the estimated future cash flows of the asset.

Disposal costs include legal costs related to asset disposal, related taxes, transportation charges, and direct costs incurred to make the asset available for sale.

The present value of the estimated future cash flows of the asset should be determined by discounting the amount of the asset based on the expected future cash flow generated during the continuous use of the asset and at the time of final disposal. The present value of the expected future cash flow of the asset should take into account factors such as the estimated future cash flow of the asset, its useful life, and the discount rate.

The measurement results of the recoverable amount indicate that if the recoverable amount of the asset is lower than its book value, the book value of the asset should be written down to the recoverable amount, and the reduced amount should be recognized as the asset impairment loss and included in the current profit and loss. Meanwhile, corresponding provisions for asset impairment should be made.

32. Long-term prepaid expense

Long-term prepaid expense are recorded according to the actual amount incurred and amortized in the period of benefit or within the prescribed period. If the long-term prepaid expense item cannot benefit the subsequent accounting period, the amortized value of the item that has not been amortized will be transferred into the current profit and loss.

33. Contract liabilities

The Company lists contract assets or contract liabilities in the balance sheet based on the relationship

between the performance of obligations and customer payments. The obligation of transferring products or providing services to customers after the Company has received the consideration from customers or the consideration is receivable, is listed as contract liabilities.

34. Employee compensation

(1) Accounting treatment methods of short-term employee remuneration

During the accounting period when the employees provide services, the Company shall recognize the actual short-term compensation as liabilities and record it into the current profit and loss or the cost of related assets. Among them, non-monetary welfare is measured according to fair value.

(2) Accounting treatment methods of post-employment benefits

None

(3) Accounting treatment methods of dismissal benefits

When the Company terminates the employment relationship with employees before the expiration of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, if the Company has a formal plan for termination of employment relationship or has made an offer for voluntary redundancy which will be implemented immediately, and the Company cannot unilaterally withdraw from the termination plan or the redundancy offer, a provision for the compensation payable arising from the termination of employment relationship with employees is recognized with a corresponding charge to the profit or loss for the period, and include in current profits or losses.

(4) Accounting treatment methods of other long-term employee benefits

The Company's employees participated in the social basic endowment insurance organized and implemented by the local labor and social security departments. The company pays endowment insurance premium to organization of agency of local society primary endowment insurance according to the social primary endowment insurance pay base and scale with local regulation monthly. After the employee retires, the local labor and social security department has the responsibility to pay the social basic pension to the retired employee. The accounting period during which the company provides services to its employees, and the amount calculated in accordance with the above social security provisions shall be recognized as a liability and recorded into the current profit and loss or the cost of relevant assets.

35. Lease liabilities

None

36. Estimated liabilities

36.1 The Company shall recognize this obligation as contingent liability when the obligations arising from the provision of external guarantees, litigation matters, product quality guarantees, loss contracts and other contingencies become the current obligations assumed by the Company and the fulfillment of such obligations is likely to result in the outflow of economic benefits from the company and the amount of such obligations can be

reliably measured.

36.2 The Company shall initially measure the provisions according to the best estimate of the expenses required to perform the relevant current obligations, and shall review the book value of the estimated liabilities on the balance sheet date.

37. Share-based payments

37.1 Categories of share-based payments

Share-based payments comprise equity-settled and cash-settled payments.

37.2 Determination of fair value of equity instruments

(1) If there is an active market, it should be determined based on the quoted price in the active market.

(2) If there is no active market, it is determined by using valuation techniques, including considering the prices used in recent market transactions made by parties familiar with the situation and taking transactions voluntarily, and considering the current fair values and cash flows of other financial instruments that are substantially the same discount method and option pricing model.

37.3 Basis for determining the best estimate of exercisable rights and interests

The Company would make best estimate in accordance with the newly acquired information such as changes in the number of employees entitled to equity instruments.

37.4 Relevant accounting treatment of implementation, modification and termination of share-based payment plan

(1) Equity-settled share-based payments

Equity-settled share-based payments that are immediately available after the grant in exchange for employee services are included in related costs or expenses based on the fair value of the equity instruments on the grant date, and the capital reserve is adjusted accordingly. Equity-settled share-based payments for services that have been completed during the waiting period or that are exercisable only if the required performance conditions are met are exchanged for employee services. At each reporting date during the waiting period, the best estimate of the number of exercisable equity instruments is based on the fair value of the equity instrument grant date, the services obtained in the current period are included in related costs or expenses, and the capital reserve is adjusted accordingly.

For equity-settled share-based payments in exchange for services provided by other parties, if the fair value of services provided by other parties can be reliably measured, they should be measured at the fair value of the services of other parties on the acquisition date; if the fair values of services provided by other parties cannot be measured reliably, but for the equity instruments whose fair value can be reliably measured, they should be measured at the fair value of the equity instrument on the date of service acquisition and included in related costs or expenses, increasing owner's equity accordingly.

(2) Cash-settled share-based payments

The cash-settled share-based payment in exchange for employee services immediately after the grant is included in the related costs or expenses at the fair value of the liability assumed by the Company on the grant date, and the liability is increased accordingly. Cash-settled share-based payments for services that have been completed within the waiting period or that have met the required performance conditions in exchange for employee services are based on the best estimate of the right to exercise at each balance sheet date during the waiting period. According to the fair value of liabilities assumed by the company, the services obtained in the current period are included in related costs or expenses and corresponding liabilities.

(3) Modifying and terminating the share payment plan

If the amendment increases the fair value of the equity instruments granted, the Company will recognize the increase in the acquisition of services in accordance with the increase in the fair value of the equity instruments; if the amendment increases the number of equity instruments granted, the company will increase the value of the equity instruments. The fair value is correspondingly recognized as an increase in access to services; if the company modifies the conditions of the exercisable rights in a manner that benefits employees, the company considers the modified conditions of the exercisable rights when processing the conditions of the exercisable rights.

If the amendment reduces the fair value of the equity instrument granted, the Company continues to recognize the amount of services obtained based on the fair value of the equity instrument on the grant date, without considering the decrease in the fair value of the equity instrument; if the amendment reduces the equity granted for the number of instruments, the company will treat the reduction as the cancellation of the granted equity instruments; if the conditions of the exercisable rights are modified in a manner that is not conducive to employees, the revised conditions of the exercisable rights are not considered when processing the conditions of the exercisable rights.

If the Company cancels the granted equity instruments or clears the granted equity instruments during the waiting period (except for those that are canceled because the conditions of the exercisable rights are not met), the cancellation or settlement is treated as an expedited exercisable rights and the original amount recognized during the remaining waiting period.

38. Other financial instruments such as preferred stocks and perpetual bonds

None

39. Revenue

Accounting policies applied in revenue recognition and measurement

39.1 Recognition of income

The Company's revenue is mainly from education and training.

The Company recognizes the income after it has fulfilled its performance obligation in the contract, that is, when the customer acquires control of the relevant goods.

39.2 According to the relevant provisions of the income standards, the Company judges that the nature of the relevant performance obligations belongs to “performance obligations performed within a certain period of time” or “performance obligations performed at a certain point of time”, and respectively recognizes the income according to the following principles.

(1) If the Company meets one of the following conditions, it belongs to the performance obligation within a certain period of time:

1) The customer obtains and consumes the economic benefits brought by the Company's performance when the Company fulfills its performance.

2) The customer can control the assets under construction during the performance of the Company.

3) The assets produced by the Company during the performance have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance that has been completed so far during the entire contract period.

For performance obligations performed within a certain period of time, the Company shall recognize the income according to the performance schedule within that period, except where the performance schedule can not be reasonably determined. The Company considers the nature of the goods and adopt the output method or input method to determine the appropriate progress of performance.

(2) For performance obligations that are not performed within a certain period of time, but are performance obligations performed at a certain point of time, the Company recognizes revenue at the point when the customer obtains control of the relevant products.

When judging whether the customer has obtained control of the product, the Company considers the following signs:

1) The Company has the current right to collect payment for the goods or services, that is, the customer has the current payment obligation for the product;

2) The Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods;

3) The Company has transferred the goods in kind to the customer, that is, the customer has taken possession of the goods in kind;

4) The Company has transferred the legal ownership of the product or the main risks and rewards of ownership to the customer, that is, the customer has obtained the main risks and rewards in the ownership of the goods;

5) The customer has accepted the commodity;

6) Other indications that customers have taken control of the goods.

Specific policies for revenue recognition:

The Company's revenue mainly includes training revenue from the common courses training and the contractual courses training. When a face-to-face training in the common courses is completed, all the training fees received in advance are recognized as revenue. Revenue from online training in common courses is recognized on a straight-line basis during the validity period of the service provided. Non-refundable portion of advance payments received for the contractual courses is recognized as revenue upon completion of training services. According to the agreement on the contractual courses, the refund part of the advance received is recognized as revenue when the non-refundable conditions are met.

39.3 Measurement of income

The Company shall measure revenue at the transaction price allocated to each individual performance obligation. In determining the transaction price, the Company considers the influence of factors such as variable consideration, major financing components in the contract, non-cash consideration, and consideration payable to customers.

(1) Variable consideration

The Company determines the best estimate of the variable consideration based on the expected value or the most likely amount, but the transaction price including the variable consideration should not exceed the accumulated recognized revenue when the relevant uncertainty is eliminated. When assessing whether the cumulative recognized income is likely not to be significantly reversed, the enterprise shall also consider the possibility and proportion of the income reversal.

(2) Significant financing component

Where there is a significant financing component in the contract, the Company shall determine the transaction price based on the amount payable in cash on the assumption that the customer acquires control of the goods. The difference between the transaction price and the contract consideration shall be amortized by the effective interest method during the contract period.

(3) Non-cash consideration

If the customer pays non-cash consideration, the company shall determine the transaction price based on the fair value of the non-cash consideration. If the fair value of the non-cash consideration can not be reasonably estimated, the Company shall indirectly determine the transaction price with reference to the separate selling price of the goods it undertakes to transfer to the customer.

(4) Consideration payable to customer

For the consideration payable to the customer, the consideration payable shall be offset by the transaction price, and the current revenue shall be offset at the time when the relevant revenue is recognized and the payment

(or promised to pay) of the customer's consideration is later. Except where the customer consideration is due to obtain other clearly distinguishable goods from the customer.

If the enterprise pays the customer consideration to obtain other clearly distinguishable goods from the customer, it shall confirm the purchased goods in a manner consistent with other purchases by the enterprise. If the consideration payable by the enterprise to the customer exceeds the fair value of the clearly distinguishable commodity obtained from the customer, the excess amount shall be offset against the transaction price. If the fair value of the clearly distinguishable commodity obtained from the customer cannot be reasonably estimated, the enterprise shall offset the transaction price in full from the consideration payable to the customer.

40. Government grants

40.1 Government grants include asset related government grants and income related government grants.

40.2 If a government grant is in the form of monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount.

40.3 The government grant adopts the total method

(1) A government grant related to an asset is recognized as deferred income, and are included in profit and loss in installments on a reasonable and systematic basis over the service life of the related asset. If the relevant assets are sold, transferred, scrapped or damaged before the end of their service lives, the undistributed balance of related deferred income will be transferred to the profit or loss of the asset disposal in the current period.

(2) If a government grant related to income is used to compensate for the related expenses or losses in the subsequent period, it shall be recognized as deferred income and shall be recorded in the current profit or loss in which the relevant expenses are recognized; For the compensation of related expenses or losses that have occurred, they shall be directly included in the current profits and losses.

For government grants that include both the asset-related portion and the income-related portion, the different parts are separately accounted for; if it is indistinguishable, the overall classification is revenue-related government subsidies.

40.4 Government grants related to the company's daily activities in accordance with the nature of the economic business are included in other income or written down the related costs; government grants that are unrelated to the daily activities of the company shall be included in non-operating income and expenditure.

41. The deferred income tax assets and the deferred income tax liabilities

41.1 According to the book value of the assets, liabilities and its tax base the difference between the (not confirmed project as assets and liabilities of its tax base can be determined in accordance with the provisions of the tax law, the tax base and the difference between the book number), according to the forecast of the asset is recovered or the applicable tax rate calculation during the debt confirmed Deferred tax assets and deferred tax

liabilities.

41.2 Confirm the deferred income tax assets to probably get used to making the deductible temporary differences are limited to the amount of taxable income. During the balance sheet date, there is strong evidence that the future is likely to obtain sufficient taxable income to offset the deductible temporary difference, confirm the unconfirmed deferred income tax assets in previous accounting periods.

41.3 On the balance sheet date, the book value of the deferred income tax assets is reviewed, and if it is likely that sufficient taxable income cannot be obtained in the future to offset the benefit of the deferred income tax assets, the book value of the deferred income tax assets shall be written down. If it is likely to obtain sufficient taxable income, the reduced amount shall be reversed. .

41.4 The Company's current income tax and deferred income tax as recorded into the profits and losses of the current income tax expenses, or earnings, but does not include the income tax in the following circumstances: (1) The business combination;(2) Direct confirmation of transactions or events in the owner's equity.

42. Lease

42.1 Accounting treatment of operating leases

The Company as lessee under operating leases: operating lease payments are recognized on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

The Company as lessor under operating leases: rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalized when incurred, and are recognized in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

42.2 Accounting treatment of financial leases

The Company as lessee under finance leases: at the commencement of the lease term, the Company records the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of the lease, and recognizes a long-term payable at an amount equal to the minimum lease payments. The difference between the recorded amounts is accounted for as unrecognized finance charge. Unrecognized finance charges are recognized as finance charge for the period using the effective interest method over the lease term.

The Company as lessor under finance leases: at the commencement of the lease term, the aggregate of the minimum lease receivable at the inception of the lease and the initial direct costs is recognized as a finance lease receivable, and the unguaranteed residual value is recorded at the same time. The difference between the

aggregate of the minimum lease receivable, the initial direct costs and the unguaranteed residual value, and the aggregate of their present values is recognized as unearned finance income. Unearned finance income is recognized as finance income for the period using the effective interest method over the lease term.

43. Other significant accounting policies and accounting estimates

None

44. Changes in Important Accounting Policies and Accounting Estimates

(1) Changes in Important Accounting Policies

Applicable Not Applicable

Content and reasons of changes in accounting policies	Approval procedures	Remarks
According to the revised <i>Accounting Standards for Business Enterprises No. 14 - Revenue (Accounting [2017] No. 22)</i> (hereinafter referred to as the new revenue standard) issued by the Ministry of Finance on July 5, 2017, the Company will implement the new revenue standard from January 1, 2020.	Approved by the 10th Meeting of the 5th Board of Directors and the 9th Meeting of the 5th Board of Supervisors.	According to the accumulated impact, the amount of retained earnings at the beginning of the year and other related items in the financial statements shall be adjusted, while the data in the comparable period shall not.

(2) Changes in Important Accounting Estimates

Applicable Not Applicable

(3) The relevant items of the firstly carried out financial statements at the beginning of that year adjusted on the new revenue standard and the new lease standard implemented for the first time since 2020

Applicable

Whether to adjust the balance sheet account at the beginning of the year

Yes No

Consolidated balance sheet

Unit: RMB

Item	December 31, 2019	January 1, 2020	Adjustment
Current Assets:			
Monetary funds	2,724,335,001.58	2,724,335,001.58	
Settlement reserve			
Due from banks and other financial institutions			
Transactional financial assets	1,754,396,227.54	1,754,396,227.54	
Derivative financial assets			
Notes Receivable			

Accounts Receivable	2,721,638.09	2,721,638.09	
Financing receivables			
Prepayments	2,461,009.00	2,461,009.00	
Premium receivables			
Reinsurance accounts receivable			
Reinsurance contract reserve receivables			
Other receivables	255,013,296.96	255,013,296.96	
Inc: Interest receivables	567,341.68	567,341.68	
Dividends receivables			
Financial assets purchased under resale agreements			
Inventories			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	97,336,600.16	97,336,600.16	
Total current assets	4,836,263,773.33	4,836,263,773.33	
Non-current assets:			
Loans and Advances			
Debt investments	1,923,598,909.09	1,923,598,909.09	
Other debt investments			
Long-term receivables			
Long-term equity investment			
Other equity instruments	162,800,000.00	162,800,000.00	
Other non-current financial assets	138,166,559.96	138,166,559.96	
Investment properties	688,475,053.53	688,475,053.53	
Fixed assets	672,429,601.44	672,429,601.44	
Construction in progress	653,580,160.32	653,580,160.32	
Productive biological assets			
Oil and gas assets			
Right-of-use assets			

Intangible assets	197,507,227.40	197,507,227.40	
Development expenditure			
Goodwill	99,867,720.38	99,867,720.38	
Long-term prepaid expense	240,565,962.02	240,565,962.02	
Deferred tax assets	21,482,832.13	21,482,832.13	
Other non-current assets	325,967,628.34	325,967,628.34	
Total non-current assets	5,124,441,654.61	5,124,441,654.61	
Total assets	9,960,705,427.94	9,960,705,427.94	
Current liabilities:			
Short-term borrowings	2,867,000,000.00	2,867,000,000.00	
Borrowing from the central bank			
Borrowings from banks and other financial institutions			
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	236,481,990.86	236,481,990.86	
Receipts in advance	2,634,276,203.88		-2,634,276,203.88
Contract liabilities		2,557,549,712.50	2,557,549,712.50
Financial assets sold for repurchase			
Receipt of deposits and deposits from other banks			
Customer deposits for trading in securities			
Amounts due to issuer for securities underwriting			
Employee benefits payable	411,475,636.03	411,475,636.03	
Taxes payable	184,306,027.84	184,306,027.84	
Other payable	88,693,411.98	88,693,411.98	
Inc: Interest payables	4,521,557.54	4,521,557.54	
Dividends payable			
Fees and commission payable			
Accounts payable reinsurance			

Held-for-sale liabilities			
Non-current liabilities due within one Year			
Other current liabilities		76,726,491.38	76,726,491.38
Total current liabilities	6,422,233,270.59	6,422,233,270.59	
Non-current Liabilities:			
Deposits for insurance contracts			
Long-term loans			
Bonds payable			
Inc: Bonds payable preferred stock			
Bonds payable perpetual bond			
Lease liabilities			
Long-term payable			
Long-term payroll payable			
Provisions			
Deferred Income			
Deferred tax liabilities	106,932,273.03	106,932,273.03	
Other non-current liabilities			
Total non-current liabilities	106,932,273.03	106,932,273.03	
Total liabilities	6,529,165,543.62	6,529,165,543.62	
Owners' equity:			
Share capital	103,807,623.00	103,807,623.00	
Other equity instrument			
Inc: Other equity instruments preferred stock			
Other equity instruments perpetual bond			
Capital reserve	1,198,581,049.50	1,198,581,049.50	
Less: Treasury stock			
Other comprehensive income	37,500,000.00	37,500,000.00	
Special reserve			
Surplus reserve	45,000,000.00	45,000,000.00	
General risk reserve			
Undistributed earnings	2,046,657,231.32	2,046,657,231.32	

Total owners' equity attributable to the parent company	3,431,545,903.82	3,431,545,903.82	
Minority shareholders' equity	-6,019.50	-6,019.50	
Total owners' equity	3,431,539,884.32	3,431,539,884.32	
Total liabilities and owners' equity	9,960,705,427.94	9,960,705,427.94	

Description of adjustment

On January 1, 2020, the Company reclassified deposit received of RMB 2,557,549,712.50 related to commodity sales and provision of labor services into contract liabilities and reclassified relevant VAT output tax of RMB 76,726,491.38 into other current liabilities.

Balance sheet of parent company

Unit: RMB

Item	December 31, 2019	January 1, 2020	Adjustment
Current Assets:			
Monetary funds	6,931,803.33	6,931,803.33	
Transactional financial assets	101,681.64	101,681.64	
Derivative financial assets			
Note receivables			
Accounts Receivable			
Financing receivables			
Prepayments			
Other receivables	1,717,949,520.99	1,717,949,520.99	
Inc: Interest receivables			
Dividends receivables	1,700,000,000.00	1,700,000,000.00	
Inventories			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets			
Total current assets	1,724,983,005.96	1,724,983,005.96	
Non-current assets:			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	18,582,307,907.14	18,582,307,907.14	
Other equity instruments	162,800,000.00	162,800,000.00	

Other non-current financial assets			
Investment properties	395,978,156.15	395,978,156.15	
Fixed assets			
Construction in progress	72,569,103.57	72,569,103.57	
Productiver biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets			
Development expenditure			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets	10,804,928.62	10,804,928.62	
Other non-current assets			
Total non-current assets	19,224,460,095.48	19,224,460,095.48	
Total assets	20,949,443,101.44	20,949,443,101.44	
Current liabilities:			
Short-term loans			
Transactional financial liabilities			
Derivative financial liabilities			
Note payable			
Accounts payable	561,752.26	561,752.26	
Receipts in advance			
Contract liabilities			
Employee benefits payable			
Taxes payable	791,191.77	791,191.77	
Other payables	40,275,566.88	40,275,566.88	
Inc: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	41,628,510.91	41,628,510.91	

Non-current liabilities:			
Long-term loans			
Bonds payable			
Inc: Bonds payable preferred stock			
Bonds payable perpetual bond			
Lease liabilities			
Long-term payable			
Long-term payroll payable			
Provisions			
Deferred income			
Deferred tax liabilities	12,500,420.41	12,500,420.41	
Other non-current liabilities			
Total non-current liabilities	12,500,420.41	12,500,420.41	
Total liabilities	54,128,931.32	54,128,931.32	
Owners' equity:			
Share capital	6,167,399,389.00	6,167,399,389.00	
Other equity instrument			
Inc: Other equity instruments preferred stock			
Other equity instruments perpetual bond			
Capital reserve	12,775,326,370.33	12,775,326,370.33	
Less: treasury stock			
Other comprehensive income	37,500,000.00	37,500,000.00	
Special reserve			
Surplus reserve	387,458,806.65	387,458,806.65	
Undistributed earnings	1,527,629,604.14	1,527,629,604.14	
Total owners' equity	20,895,314,170.12	20,895,314,170.12	
Total liabilities and owners' equity	20,949,443,101.44	20,949,443,101.44	

Description of adjustment

(4) Description of comparative data in the early stage of retroactive adjustment of the new revenue standard and the new lease standard initially implemented since 2020

Applicable Not Applicable

45. Others

None

Section VI. Taxes

1. Major categories of taxes and tax rates

Category of tax	Basis of tax	Tax rate
Value-added tax	Taxable revenue for sales of goods and supply of services	3%、5%、6%
City maintenance and construction tax	Turnover taxes payable	5%、7%
Corporate income tax	Taxable income	15%、20%、25%
Education supplementary tax	Turnover taxes payable	3%
Local education supplementary tax	Turnover taxes payable	1.5%、2%

Disclosure statement on taxpayers with different corporate income tax rates

Names of taxpayers	Income tax rates
1.The Company	25%
2.Offcn Ltd.	15%
3.Wuhu Yawei Automobile Sales Service Co., Ltd	25%
4. Ningguo Yaxia Motor Vehicle Driver Training School (Co., Ltd.)	25%
5.Huangshan Yaxia Fudi Automobile Sales Services Co., Ltd.	20%
6.Chaohu Yaxia Kaixuan Automobile Sales Service Co., Ltd.	25%
7.Bozhou Yaxia Motor Vehicle Driver Training School Co., Ltd.	25%
8.Suzhou Bokai Automobile Sales Service Co., Ltd.	25%
9.Beijing Offcn Future Education Technology Co. Ltd	20%
10.Beijing Offcn Future Research Education Technology Co., Ltd.	25%
11.Shaanxi Offcn Education Technology Co. Ltd.	25%
12. Chengdu Offcn Future Education Training School Co. Ltd.	25%
13.Zhejiang Offcn Education Technology Co. Ltd..	25%
14.Taizhou Offcn Future Enterprise Management Consulting Co., Ltd.	20%
15.Beijing Offcn Xinzhiyu Online Technology Co., Ltd.	20%
16.Hulunbeier Hailar Offcn Education Information Consulting Co., Ltd..	20%
17.Xilinhot Offcn Future Education Consulting Co., Ltd	25%
18.Yueqing Lecheng Offcn Training Center Co., Ltd..	20%
19.Jiaozuo Offcn Future Education Service Co., Ltd	20%
20.Xinzheng Offcn Cultural Communication Co., Ltd..	20%

21.Chongqing Jiangbei Offcn Vocational Examination Training Co., Ltd.	20%
22.Nanjing Offcn Future Education Consulting Co., Ltd.	25%
23.Baiyin Offcn Future Education Consulting Co., Ltd.	20%
24.Beijing Xinde Zhiyuan Enterprise Management Consulting Co., Ltd..	20%
25.Nanjing Huiyue Hotel Management Co., Ltd.	25%
26.Shandong Kunzhong Real Estate Co., Ltd.	25%
27.Sanmenxia Offcn Cultural Communication Co., Ltd.	20%
28.Liaoning Offcn Academic & Cultural Exchange Co., Ltd.	25%
29.Liaoning Offcn Education Technology Co., Ltd.	25%
30.Shandong Offcn Education Technology Co., Ltd.	25%
31.Jilin Changyi Offcn Education Training School Co., Ltd.	25%
32.Yuxi Offcn Training School Co., Ltd.	20%
33.Tonghua Offcn Training School Co., Ltd.	25%
34.Hunan Lightsalt Offcn Education Technology Co., Ltd..	25%
35.Tianjin Hexi Offcn Training School Co., Ltd.	20%
36.Chengdu Offcn Education Training School Co., Ltd.	20%
37.Shandong Zhuoda Business Management Co., Ltd.	20%
38.Liaoning Zhongcheng Real Estate Development Co.,Ltd.	25%
39. Wuhu Offcn Training School Co. Ltd.	25%
40.Wuhan Guoshang Human Resource Service Co., Ltd.	25%
41.Jinan Zhangqiu Offcn Training School Co. Ltd.	20%
42.Mengzi Offcn Education Training Co. Ltd..	25%
43.Beijing Offcn Technology Development Co. Ltd..	25%
44.Shanghai Offcn Education Technology Co. Ltd.	25%
45.Guangzhou Offcn Smart Education Technology Co. Ltd.	25%
46.Pingshan Offcn Education Technology Co. Ltd.	25%
47.Shandong Offcn Education Training School Co. Ltd.	25%
48.Lanzhou Offcn Education Training School Co. Ltd.	25%

2. Preferential taxation

2.1. Value-added tax

(1) According to the *Notice on Implementing the Inclusive Tax Reduction Policy for Small and Micro Enterprises* (CS [2019] No. 13), in order to further support the development of small and micro enterprises, from January 1, 2019 to December 31, 2021, small-scale value-added taxpayers with monthly sales less than RMB 100,000 (including the actual amount) are exempt from value-added tax. The company's branches and subsidiaries that meet the exemption conditions are exempt from VAT.

(2) According to the *Notice of the Ministry of Finance and the State Administration of Taxation on the Relevant Policies on Deduction of Value Added Tax for Special Equipment and Technical Maintenance Costs of Value Added Tax Control System* (CS [2012] No. 15), if the VAT taxpayers purchase special equipment for the VAT tax control system (including separate ticket machines) for the first time after December 1, 2011 (including, the same below), the purchase expenses can be fully deducted from the VAT payable (the deduction is the total amount of price and tax) by the VAT invoice obtained from the purchase of special equipment for the VAT tax control system, and the deduction that is insufficient can be carried forward to the next period. The VAT taxpayer's technical maintenance fee paid after December 1, 2011 (excluding the technical maintenance fee paid before November 30, 2011) can be deducted from the tax payable at full amount by the technical maintenance invoice issued by the technical maintenance service unit, and those that are insufficient to be deducted can be carried forward to the next period. The Company and the qualified branches and subsidiaries deduct the VAT payable at full amount according to the regulations.

(3) In accordance with the *Announcement on Favorable Tax Policies for the Prevention and Control of Covid-19* (Announcement No. 8 of 2020 by the Ministry of Finance and the State Administration of Taxation), the taxpayers' income from offering public transportation services, daily life services, and delivering services for residents with living necessities is exempt from value-added tax. The specific scope of public transportation services complies with that stipulated in the "Regulations on Issues Related to the Pilot Program of Changing Sales Tax to Value-Added Tax" (Published and issued by F&T [2016] No. 36). The specific scope of life services and express delivery services complies with that stipulated in the "Sales Services, Intangible Assets, and Real Estate Notes" (issued by F&T [2016] No. 36). The Company's qualified branches and subsidiaries that meet the exemption conditions are exempt from the value-added tax.

(4) According to the *Announcement on Deepening the Reform of Relevant Policies About Value-Added Tax* (Announcement No. 39, 2019 of the Ministry of Finance, State Administration of Taxation, General Administration of Customs), from April 1, 2019 to December 31, 2021, Taxpayers involved in the production and living service industry are allowed to deduct deductible input tax plus 10% from the tax payable. The Company's qualified branches and subsidiaries will additionally deduct the value-added tax payable according to this preferential policy.

2.2. Education surtax, local education surtax

(1) According to the *Notice of the Ministry of Finance and the State Taxation Administration on Expanding the Exemption Scope of Government Funds* (F&T [2016] No. 12), from February 1, 2016, the exemption scope of

the education surtax, local education surtax and water conservancy construction fund should be expanded from the current including taxpayers whose monthly sales or turnover are not more than RMB 30,000 (quarterly sales or turnover is not more than RMB 90,000) to including the taxpayers whose monthly sales or turnover are not more than RMB 100,000 (the quarterly sales or turnover is not more than RMB 300,000). Branches and subsidiaries of the Company that meet the conditions are exempted from education surtax and local education surtax.

(2) According to the *Opinions of the General Office of the Provincial People's Government on Reducing Enterprise Costs and Stimulating Market Vigor*, Hubei Political Affairs Office [2016] No. 27, from May 1, 2016, the local education surtax rate for the enterprises will be reduced from 2 % to 1.5%. The Company's qualified subsidiaries apply this policy to calculate and pay the local education surtax.

2.3. Corporate income tax

(1) On August 10, 2017, Offcn Ltd. was recognized as a high-tech enterprise by Beijing State Taxation Bureau, Beijing Local Taxation Bureau, Beijing Finance Bureau, and Beijing Science and Technology Commission, and obtained the high-tech enterprise certificate numbered GR20171101302. The certificate is valid from August 10, 2017 to August 9, 2020. On October 21, 2020, Offcn Ltd. was recognized as a high-tech enterprise by the Beijing State Taxation Bureau, Beijing Local Taxation Bureau, Beijing Finance Bureau, and Beijing Science and Technology Commission, and obtained the high-tech enterprise certificate numbered GR202011002730. The certificate is valid from October 21, 2020 to October 20, 2023. Offcn Ltd. and its subordinate branches calculate and pay corporate income tax at a tax rate of 15%.

(2) According to the document of the *Notice on Implementing the Inclusive Tax Reduction Policy for Small and Micro Enterprises* (F&T [2019] No. 13), from January 1, 2019 to December 31, 2021, the portion of the annual taxable income of the small and low-profit enterprises that does not exceed RMB 1 million is deducted from the taxable income by 25% and the corporate income tax is paid at a rate of 20%; for the part of annual taxable income exceeding RMB 1 million but not exceed RMB 3 million, 50% of the taxable income should be deducted, and corporate income tax should be paid at the rate of 20%. The Company's qualified subsidiaries shall apply this policy to calculate and pay corporate income tax.

(3) According to the *Notice on Clearing the Scope of Small and Low-Profit Enterprises Enjoying Favorable Policy of Exempting from the Local Share of Corporate Income Tax Stipulated in the 'Notice of the People's Government and the Committee of CPC of the Inner Mongolia Autonomous Region* (Inner Mongolia F&T [2019] No. 227), for small and low-profit enterprises with a taxable income of no more than 1 million yuan, in accordance with the *Notice on Implementing the Inclusive Tax Reduction and Exemption Policy for Small and Micro Enterprises*(F&T [2019] No. 13), the annual taxable income is reduced by 25%. After calculating the corporate income tax at a tax rate of 20%, the taxable income is exempted from the local share of corporate income tax (i.e. 40%) in accordance with the *Notice issued by the People's Government and the Committee of CPC of the Inner Mongolia Autonomous Region* ([2018] No. 23 published by Inner Mongolia Committee of CPC). The Company's qualified subsidiaries shall apply this policy to calculate and pay corporate income tax.

3. Others

None

Section VII. Notes To Consolidated Financial Statements

1. Monetary funds

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	67,906.76	40,288.16
Cash on bank	5,882,201,630.73	2,657,929,052.80
Other monetary funds	68,125,551.63	66,365,660.62
Total	5,950,395,089.12	2,724,335,001.58

Other description

Note: 1. Other monetary funds mainly include the balances on the third-party payment platforms such as POS, Tenpay and Alipay.

2. For the funds with limited use rights including mortgage, pledge and freezing at the end of the period, please refer to Note VII (81) Assets with restricted ownership or use rights.

3. There were no cash deposited abroad at the end of the period.

2. Transactional financial assets

Unit: RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value with changes included in current profit and loss	983,205,858.25	1,754,396,227.54
Inc:		
Debt instrument investment	983,205,858.25	1,754,396,227.54
Inc:		
Total	983,205,858.25	1,754,396,227.54

Other description:

None

3. Derivative financial assets

Unit: RMB

Item	Closing balance	Opening balance

Other description:

None

4. Notes receivable

(1) Classification of notes receivable

Unit: RMB

Item	Closing balance	Opening balance

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Inc:										
Inc:										

Provision for bad debts by per item:

Unit: RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion of provision	Reason for provision

Provision for bad debts by portfolio:

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion of provision

Description of the basis for determining the combination:

None

Provision for bad debts by portfolio:

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion of provision

Description of the basis for determining the combination:

If the bad debt provision of notes receivable is calculated according to the general model of expected credit loss, please disclose the relevant information of bad debt provision with reference to the disclosure method of other receivables:

 Applicable Not Applicable

(2) Provision, recovery and reversal for bad debts in current period

Provision for bad debts in current period

Unit: RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Provision	recovery or reversal	Writing off	Others	

Important provision, recovery or reversal for bad debts in current period:

 Applicable Not Applicable

(3) Notes receivable pledged by the Company at the end of the period

Unit: RMB

Item	Pledged amount at the end of the period
------	---

(4) Notes receivable that have been endorsed or discounted by the Company at the end of the period and have not yet matured until the balance sheet date

Unit: RMB

Item	Amount of derecognition at the end of the period	Amount not derecognized at the end of the period
------	--	--

(5) Notes transferred to accounts receivable by the Company due to the drawer's failure to perform the contract at the end of the period

Unit: RMB

Item	Amount transferred to accounts receivable at the end of the period
------	--

Other description:

None

(6) Notes receivable actually written off in current period

Unit: RMB

Item	Amount of writing off
------	-----------------------

Writing off important notes receivable:

Unit: RMB

Name of the Company	Nature of notes receivable	Amount of writing off	Reasons for writing off	Procedure of writing off	Whether the funds are generated by related party transactions
---------------------	----------------------------	-----------------------	-------------------------	--------------------------	---

Written off Description of Notes receivable:

None

5. Accounts receivable
(1) Classified disclosure of accounts receivable

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Inc:										

Accounts receivable with provision for bad debts in combination	22,625,024.65	100.00%	1,131,386.99	5.00%	21,493,637.66	2,864,882.20	100.00%	143,244.11	5.00%	2,721,638.09
Inc:										
Combination 2	2,618,094.65	11.57%	131,040.49	5.01%	2,487,054.16	2,864,882.20	100.00%	143,244.11	5.00%	2,721,638.09
Combination 3	20,006,930.00	88.43%	1,000,346.50	5.00%	19,006,583.50					
Total	22,625,024.65	100.00%	1,131,386.99		21,493,637.66	2,864,882.20	100.00%	143,244.11		2,721,638.09

Unit: RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion of provision	Reasons for provision

Provision for bad debts according to combination: 1,131,386.99

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion of provision
Combination 2	2,618,094.65	131,040.49	5.01%
Combination 3	20,006,930.00	1,000,346.50	5.00%
Total	22,625,024.65	1,131,386.99	--

Description of the basis for determining the combination:

None

Provision for bad debts according to combination:

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion of provision

Description of the basis for determining the combination:

None

Provision for bad debts according to combination:

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion of provision

Description of the basis for determining the combination:

If the provision for bad debts of accounts receivable is calculated according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of bad debt provision:

Applicable Not Applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
Within 1 year (included)	22,622,309.65
1 to 2 years (included)	2,715.00
Less: provision for credit impairment	1,131,386.99
Total	21,493,637.66

(2) Provision, withdrawal and reversal for bad debts in current period

Provision for bad debts in the current period:

Unit: RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Provision	withdrawal or reversal	Write off	Others	
Provision for bad debts of accounts receivable	143,244.11	988,142.88				1,131,386.99
Total	143,244.11	988,142.88				1,131,386.99

Important provision, recovery and reversal for bad debts in current period:

Unit: RMB

Name of the Company	Amount recovered or reversed	Recovery method
---------------------	------------------------------	-----------------

None

(3) Accounts receivable actually written off in the current period

Unit: RMB

Item	Write off amount
------	------------------

Important accounts receivable written off:

Unit: RMB

Name of the Company	Nature of accounts receivable	Amount of writing off	Reasons for writing off	Procedures of writing off	Whether the funds are generated by related party transactions
---------------------	-------------------------------	-----------------------	-------------------------	---------------------------	---

Description of the account receivable's write-off:

None

(4) Accounts receivable of top five closing balance collected by debtors

Unit: RMB

Name of company	Closing balance of accounts receivable	Proportion in the total closing balance of accounts receivable	Closing balance of bad debt reserves
Yaxia Industrial Co. Ltd.	20,000,000.00	88.40%	1,000,000.00
Customer 1	971,708.00	4.29%	48,585.40
Customer 2	378,260.00	1.67%	18,913.00
Customer 3	361,256.00	1.60%	18,062.80
Customer 4	314,891.00	1.39%	15,744.55
Total	22,026,115.00	97.35%	

(5) Accounts receivable terminated due to transfer of financial assets

None

(6) Amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

None

Other description:

None

6. Receivables financing

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

Changes in receivable financing and fair values in current period

Applicable Not applicable

If the provision for impairment of receivables financing is withdrawn according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of impairment provision:

Applicable Not applicable

Other Description:

7. Prepayments

(1) Disclosure by aging

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	2,204,120.00	100.00%	2,461,009.00	100.00%
Total	2,204,120.00	--	2,461,009.00	--

Explanation for why prepayments with an age of more than 1 year and an important amount are not settled in time:

(2) Prepayment of top five closing balance collected by prepayment objects

Name of company	Nature of Payment	Closing balance	Aging	Proportion in total amount of prepayment(%)	Provision for bad debts
Nanjing Tuniu International Travel Agency Co., Ltd	Air ticket payment	2,204,120.00	Within 1 year	100.00	
<u>Total</u>		<u>2,204,120.00</u>		<u>100.00</u>	

8. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Interest receivable		567,341.68
Other receivables	304,318,966.20	254,445,955.28
Total	304,318,966.20	255,013,296.96

(1) Interest receivable

1) Classification of interest receivable

Unit: RMB

Item	Closing balance	Opening balance
Fixed term deposit		567,341.68
Total		567,341.68

2) Important overdue interest

Unit: RMB

Borrower	Closing balance	Overdue time	Overdue reasons	Whether there is impairment and its judgment basis
----------	-----------------	--------------	-----------------	--

Other description:

None

3) Provision for bad debts

Applicable Not applicable

(2) Dividends receivable

1) Classification of dividends receivable

Unit: RMB

Item (or Investee)	Closing balance	Opening balance
--------------------	-----------------	-----------------

2) Important dividends receivable with an account age of over 1 year

Unit: RMB

Item (or Investee)	Closing balance	Account age	Reasons for non recovery	Whether there is impairment and its judgment basis
--------------------	-----------------	-------------	--------------------------	--

3) Provision for bad debts

Applicable Not applicable

Other Description:

(3) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Nature of payment	Closing Book balance	Opening Book balance
Deposits and guarantees	302,437,947.35	252,096,657.97
Reserve fund	120.00	214,164.38
deferred expense and others	1,880,898.85	2,135,132.93
Total	304,318,966.20	254,445,955.28

2) Provision for bad debts

Unit: RMB

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (no credit impairment has occurred)	Expected credit loss in the whole duration (credit impairment has occurred)	
Balance at January 1, 2020		194,490.90	510,300.00	704,790.90

Balance at January 1, 2020 in current period	---	---	---	---
Provision in the current period		182,909.95		182,909.95
Balance at December 31, 2020		377,400.85	510,300.00	887,700.85

Changes in book balance of loss reserves with significant changes in current period

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
Within 1 year (inclusive)	267,173,451.40
1 to 2 years	12,454,633.59
2 to 3 years	6,657,947.72
3 to 4 years	1,787,284.88
4 to 5 years	9,138,241.31
More than 5 years	7,995,108.15
Less: provision for credit impairment	887,700.85
Total	<u>304,318,966.20</u>

3) Provision, withdrawal and reversal for bad debts in current period

Provision for bad debts in current period:

Unit: RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Provision	Withdrawal or reversal	Write-off	Others	
Provision for bad debts of other receivables	704,790.90	182,909.95				887,700.85
Total	704,790.90	182,909.95				887,700.85

None

The important amount of bad debt reserves transferred back or recovered in the current period:

Unit: RMB

Name of company	Amount of withdrawal or reversal	Recovery method

None

4) Other receivables actually written off in the current period

Unit: RMB

Item	Write-off amount
------	------------------

Write-off of other important receivables:

Unit: RMB

Name of company	Nature of other receivables	Write-off amount	Write-off reasons	Write off procedures	Whether the funds are generated by related party transactions
-----------------	-----------------------------	------------------	-------------------	----------------------	---

Description of other receivables' write-off:

None

5) Other receivables of top five closing balance collected by debtors

Unit: RMB

Name of company	Nature	Closing balance	Account age	Proportion in total closing balance of other receivables (%)	Closing balance of bad debt provision
Liaoning Hanhui Industrial Co., Ltd.	Deposits and guarantees	200,000,000.00	Within 1 year	65.72%	
Hebei Zehong Technology Co., Ltd.	Deposits and guarantees	25,000,000.00	Within 1 year	8.22%	
Beijing Wushuang Technology Co., Ltd	Deposits and guarantees	15,000,000.00	Within 1 year	4.93%	
Rizhao Economic and Technological Development Zone Finance Bureau	Deposits and guarantees	10,000,000.00	Within 1 year	3.29%	
Shenyang Lijing Mingzhu Hotel Management Co., Ltd	Deposits and guarantees	5,675,200.00	4 to 5 years	1.86%	
Total	--	255,675,200.00	--	84.02%	

6) Receivables involving government subsidies

Unit: RMB

Name of company	Name of government subsidy project	Closing balance	Account age at the end of the period	Estimated time, amount and basis of collection
-----------------	------------------------------------	-----------------	--------------------------------------	--

None

7) Other receivables terminated due to transfer of financial assets

None

8) Amount of assets and liabilities formed by transferring other receivables and continuing to be involved

None

Other description:

None

9. Inventories

Whether the Company needs to comply with the disclosure requirements of the real estate industry

No

(1) Inventory classification

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for inventory depreciation or contract performance cost impairment provision	Book value	Book balance	Provision for inventory depreciation or contract performance cost impairment provision	Book value

(2) Reserves for inventory depreciation and impairment of contract performance costs

Unit: RMB

Item	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Provision	Others	Reversal or write off	Others	

None

(3) Description of capitalization amount of borrowing costs included in closing balance of inventory

None

(4) Description of amortization amount of contract performance cost in current period

None

10. Contract assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

The amount and reasons for significant changes in the book value of contract assets in the current period:

Unit: RMB

Item	Change in the amount	Reasons for changes
------	----------------------	---------------------

If the provision for bad debt of contract assets is withdrawn according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of bad debt provision:

Applicable Not applicable

Provision for impairment of contract assets in the current period

Unit: RMB

Item	Provision in the current period	Reversal in current period	Write-off in current period	Reasons
------	---------------------------------	----------------------------	-----------------------------	---------

Other description:

11. Assets held for sale

Unit: RMB

Item	Book balance at the end of the period	Provision for impairment	Book value at the end of the period	Fair value	Estimated disposal costs	Estimated disposal time
------	---------------------------------------	--------------------------	-------------------------------------	------------	--------------------------	-------------------------

Other description:

None

12. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance
Debt investment due within one year	1,985,873,462.75	
Total	1,985,873,462.75	

Important debt investment / Other debt investment

Unit: RMB

Credit item	Closing balance				Opening balance			
	Face value	Coupon rate	Real interest rate	Due date	Face value	Coupon rate	Real interest rate	Due date
Beijing Sidaokou Sub-branch of Huaxia Bank Co., Ltd.	500,000,000.00	4.12%	4.12%	4 April 2021				
Qianmen Sub-branch, China Construction Bank Corporation	500,000,000.00	3.85%	3.85%	12 April 2021				

Beijing Shangdi sub-branch of China Minsheng Bank Co., Ltd	300,000,000.00	4.30%	4.30%	5 June 2021				
Beijing Shangdi sub-branch of China Minsheng Bank Co., Ltd	200,000,000.00	4.30%	4.30%	13 June 2021				
Meihekou Rural Credit Cooperative, Cooperative Union Sales Department	100,000,000.00	4.20%	4.20%	6 June 2021				
Meihekou Rural Credit Cooperative, Cooperative Union Sales Department	100,000,000.00	4.20%	4.20%	2 July 2021				
Meihekou Rural Credit Cooperative, Cooperative Union Sales Department	50,000,000.00	4.20%	4.20%	26 April 2021				
Meihekou Rural Credit Cooperative, Cooperative Union Sales Department	50,000,000.00	4.20%	4.20%	31 May 2021				
China Merchants Bank Co., Ltd. Beijing Fangzhuang sub-branch	20,000,000.00	4.18%	4.18%	18 December 2021				
Total	1,820,000,000.00	---	---	---		---	---	---

Other description:

None

13. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Prepaid expenses	133,347,305.31	97,166,903.13
Pending payment	41,832,345.30	
Input tax to be deducted / certified		169,697.03
Total	175,179,650.61	97,336,600.16

Other description:

None

14. Debt investment

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Fixed-term deposit				1,923,598,909.09		1,923,598,909.09
Total				1,923,598,909.09		1,923,598,909.09

Important debt investment

Unit: RMB

Credit item	Closing balance				Opening balance			
	Face value	Coupon rate	Real interest rate	Due date	Face value	Coupon rate	Real interest rate	Due date
Beijing Sidaokou Sub-branch of Huaxia Bank Co., Ltd.					500,000,000.00	4.12%	4.12%	April 5 th , 2021
Qianmen Branch of China Construction Bank Co., Ltd.					500,000,000.00	3.85%	3.85%	April 13 th , 2021
Beijing Shangdi Branch of China Minsheng Bank Co., Ltd.					500,000,000.00	4.30%	4.30%	June 6 th , 2021
Meihekou Rural Credit Cooperative, Cooperative Union Sales Department					50,000,000.00	4.20%	4.20%	May 15 th , 2021
Meihekou Rural Credit Cooperative, Cooperative Union Sales Department					150,000,000.00	4.20%	4.20%	June 1 st , 2021
Meihekou Rural Credit Cooperative, Cooperative Union Sales Department					100,000,000.00	4.20%	4.20%	July 13 th , 2021
Beijing Fangzhuang Branch of China Merchants Bank Co., Ltd.					20,000,000.00	4.18%	4.18%	Dec. 18 th , 2021
Total		—	—	—	1,820,000,000.00	—	—	—

Provision for impairment

Unit: RMB

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (no credit impairment has occurred)	Expected credit loss in the whole duration (credit impairment has occurred)	
Balance at Jan. 1 st , 2020 in current period	---	---	---	---

Changes in Book balance of loss reserves with significant changes in current period

Applicable Not applicable

Other description:

15. Other debt investments

Unit: RMB

Item	Opening balance	Accrued interest	Changes in fair value in the current period	Closing balance	Cost	Accumulated changes in fair value	Accumulated loss reserves recognized in other comprehensive income	Remarks
Other important debt investment								

Unit: RMB

Other credit item	Closing balance				Opening balance			
	Face value	Coupon rate	Real interest rate	Due date	Face value	Coupon rate	Real interest rate	Due date
Provision for impairment								

Unit: RMB

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (no credit impairment has occurred)	Expected credit loss in the whole duration (credit impairment has occurred)	
Balance at Jan. 1 st , 2020 in current period	---	---	---	---

Changes in Book balance of loss reserves with significant changes in current period

Applicable Not applicable

Other description:

None

16. Long-term receivables

(1) Long-term receivables

Unit: RMB

Category	Closing balance			Opening balance			Range of discount rate
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	

Impairment of provisions for bad debts

Unit: RMB

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (no credit impairment has occurred)	Expected credit loss in the whole duration (credit impairment has occurred)	
Balance at Jan. 1 st , 2020 in current period	---	---	---	---

Changes in Book balance of loss reserves with significant changes in current period

 Applicable Not applicable

(2) Long term receivables terminated due to transfer of financial assets

(3) Amount of assets and liabilities formed by transferring long-term receivables and continuing to be involved

None

Other description:

None

17. Long-term equity investment

Unit: RMB

Investee	Opening balance (book value)	Increase and decrease in the current period								Closing balance (book value)	Closing balance of provision for impairment
		Additional investment	Decreased investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustments	Changes in other interests	Declaration of payment of cash dividends or profits	provision for impairment	Others		
1. Joint venture											
2. Associated enterprise											

Other description:

None

18. Investment in other equity instruments

Unit: RMB

Item	Closing balance	Opening balance
Shanghai Zuihuiobao Network Technology Co., Ltd	126,000,000.00	136,000,000.00
Anhui Ningguo Rural Commercial Bank Co., Ltd	26,800,000.00	26,800,000.00
Total	152,800,000.00	162,800,000.00

Disclosure of non tradable equity instrument investment in the current period

Unit: RMB

Item	Recognized dividend income	Accumulated profit	Accumulated losses	Amount of other comprehensive income transferred into retained earnings	Reasons for changes included in other comprehensive income measured at fair value	Reasons for transferring other comprehensive income into retained earnings
Shanghai Zuihuiobao Network Technology Co., Ltd		40,000,000.00			Plan for long term holding	
Anhui Ningguo Rural Commercial Bank Co., Ltd	249,600.00				Plan for long term holding	
Total	249,600.00	40,000,000.00				

Other description:

None

19. Other non-current financial assets

Unit: RMB

Item	Closing balance	Opening balance
Beijing Jinwu Venture Capital Center (limited partnership)	38,050,000.00	38,050,000.00
Financial products	170,400,315.01	100,116,559.96
Total	208,450,315.01	138,166,559.96

Other description:

None

20. Investment properties
(1) Investment properties adopting cost measurement model

√ Applicable □ Not applicable

Unit: RMB

Item	Houses and buildings	Rights of land use	Construction in progress	Total
I. Original book value				
1. Opening balance	377,111,222.22	473,825,849.87		850,937,072.09
2. Increase in current period				
(1) Outsourcing				
(2) Amounts transferred in from inventory/ fixed assets/ construction in progress				
(3) Increase in business combination				
3. Decrease in current period				
(1) Disposal				
(2) Other amounts transferred out				
4. Closing balance	377,111,222.22	473,825,849.87		850,937,072.09
II. Accumulated depreciation and amortization				
1. Opening balance	41,891,136.83	60,373,277.81		102,264,414.64
2. Increase in current period	9,000,262.96	11,460,274.75		20,460,537.71
(1) Provision or amortization	9,000,262.96	11,460,274.75		20,460,537.71
3. Decrease in current period				

(1) Disposal				
(2) Other amounts transferred out				
4. Closing balance	50,891,399.79	71,833,552.56		122,724,952.35
III. Provision for impairment				
1. Opening balance	6,556,268.55	53,641,335.37		60,197,603.92
2. Increase in current period				
(1) Provision				
3. Decrease in current period				
(1) Disposal				
(2) Other amounts transferred out				
4. Closing balance	6,556,268.55	53,641,335.37		60,197,603.92
IV. Book value				
1. Book value at the end of the period	319,663,553.88	348,350,961.94		668,014,515.82
2. Book value at the beginning of the period	328,663,816.84	359,811,236.69		688,475,053.53

(2) Investment properties adopting fair value measurement mode
 Applicable Not applicable

(3) Investment properties without property right certificate

Unit: RMB

Item	Book value	Reasons for without property right certificate
Houses and buildings	237,219,599.15	In process
Rights of land use	5,304,865.65	In process

Other description:

None

21. Fixed Assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	1,612,792,592.67	672,429,601.44
Total	1,612,792,592.67	672,429,601.44

(1) Fixed assets

Unit: RMB

Item	Buildings	Decoration of fixed assets	Transports	Electronic equipment	Office equipment	Total
I. Original book value						
1. Opening balance	613,771,922.00	39,832,104.02	74,816,972.09	184,870,489.12	12,025,551.21	925,317,038.44
2. Increase in the current period	940,825,361.39	24,876,320.00	5,736,784.33	36,847,806.35	16,116.00	1,008,302,388.07
(1) Purchase	383,585,587.10	24,876,320.00	5,736,784.33	29,049,411.35	16,116.00	443,264,218.78
(2) Amounts transferred in from construction in progress	557,239,774.29			7,798,395.00		565,038,169.29
(3) Increase from business combination						
3. Decrease in the current period			689,300.00			689,300.00
(1) Disposal or obsolescence			689,300.00			689,300.00
4. Closing balance	1,554,597,283.39	64,708,424.02	79,864,456.42	221,718,295.47	12,041,667.21	1,932,930,126.51
II. Accumulated depreciation						
1. Opening balance	70,706,861.28	13,940,973.90	62,359,914.70	95,736,942.74	10,063,760.04	252,808,452.66

2. Increase in the current period	24,644,073.90	9,836,387.16	5,332,699.79	27,482,561.03	609,209.96	67,904,931.84
(1) Accrual	24,644,073.90	9,836,387.16	5,332,699.79	27,482,561.03	609,209.96	67,904,931.84
3. Decrease in the current period			654,835.00			654,835.00
(1) Disposal or obsolescence			654,835.00			654,835.00
4. Closing balance	95,350,935.18	23,777,361.06	67,037,779.49	123,219,503.77	10,672,970.00	320,058,549.50
III. Impairment provision						
1. Opening balance				4,309.80	74,674.54	78,984.34
2. Increase in the current period						
(1) Accrual						
3. Decrease in the current period						
(1) Disposal or obsolescence						
4. Closing balance				4,309.80	74,674.54	78,984.34
IV. Book value						
1. Closing book value	1,459,246,348.21	40,931,062.96	12,826,676.93	98,494,481.90	1,294,022.67	1,612,792,592.67
2. Opening book value	543,065,060.72	25,891,130.12	12,457,057.39	89,129,236.58	1,887,116.63	672,429,601.44

(2) Temporarily idle fixed assets

Unit: RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Note
------	---------------------	--------------------------	----------------------	------------	------

(3) Fixed assets rented through financing lease

Unit: RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value

(4) Fixed assets leased out through operating lease

Unit: RMB

Item	Closing book value

(5) Fixed assets without property rights certificate

Unit: RMB

Item	Book value	Reasons for without the property rights certificate
Buildings	757,123,540.64	In progress

Other description:

None

(6) Liquidation of fixed assets

Unit: RMB

Item	Closing Balance	Opening Balance

Other description:

None

22. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	214,248,125.04	653,580,160.32
Total	214,248,125.04	653,580,160.32

(1) Construction in progress

Unit: RMB

Item	Closing Balance			Opening Balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Offcn Fushun Building	140,287,691.52		140,287,691.52	113,020,225.37		113,020,225.37
Yaxia Bozhou Fortune Plaza	62,847,721.95		62,847,721.95	62,847,721.95		62,847,721.95
GAC-Toyota Bozhou 4S Stores	9,721,381.62		9,721,381.62	9,721,381.62		9,721,381.62
Huangshan Fudi Stores	1,391,329.95		1,391,329.95	1,368,999.85		1,368,999.85
Zhongcheng Real Estate Project				275,905,485.09		275,905,485.09
Offcn Shandong Building				182,917,951.44		182,917,951.44
Online/offline cooperative teaching facilities				7,798,395.00		7,798,395.00
Total	214,248,125.04		214,248,125.04	653,580,160.32		653,580,160.32

(2) Changes of significant projects in construction in the current period

Unit: RMB

Item	Budget	Opening balance	Increase in the period	Fixed assets amounts transferred into in current period	Other decrease in the period	Closing balance	Proportion of accumulative project investment in budget (%)	Project progress (%)	Accumulative amount of interest capitalization	Including : capitalization amount of current interest	Current interest capitalization rate (%)	Capital sources
Zhongcheng Real Estate Project	450,000,000.00	275,905,485.09	98,158,055.55	374,063,540.64			83.13	100.00				Others
Offcn Shandong	210,000,000.00	182,917,951.44	258,282.21	183,176,230.65			87.23	100.00				Others

g Building	0.00	1.44		3.65			0				
Offcn Fushun Building	330,000.00	113,020.22	27,267,466.15			140,287,691.52	42.51	42.51			Others
Total	990,000.00	571,843.66	125,683,803.91	557,239.77	4.29	140,287,691.52	--	--			--

(3) Accrual of impairment provision for construction in progress in the period

Unit: RMB

Item	Accrual amount	Reason
------	----------------	--------

Other description:

None

(4) Engineering materials

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

Other description:

23. Productive biological assets

(1) Productive biological assets measured at cost

 Applicable Not applicable

(2) Productive biological assets measured by fair value

 Applicable Not applicable

24. Oil and gas assets

 Applicable Not applicable

25. Right-of-use assets

Unit: RMB

Item	Total
------	-------

Other description:

None

26. Intangible assets

(1) Intangible assets

Unit: RMB

Item	Land-use right	Patent right	Non-patent technology	Software use right	Trademark right	Total
I. Original book value						
1. Opening balance	205,199,737.07			7,760,286.02	7,140,521.53	220,100,544.62
2. Increase in the period	241,525,956.86			14,000.00		241,539,956.86
(1)Purchase	241,525,956.86			14,000.00		241,539,956.86
(2) Internal R&D						
(3) Increase from business combination						
3. Decrease in the period						
(1)Disposal						
4. Closing balance	446,725,693.93			7,774,286.02	7,140,521.53	461,640,501.48
II. Accumulated amortization						
1. Opening balance	17,787,580.14			3,076,750.06	1,725,876.02	22,590,206.22
2. Increase in the period	11,240,552.59			733,303.77	720,872.15	12,694,728.51
(1) Accrual	11,240,552.59			733,303.77	720,872.15	12,694,728.51
3. Decrease in the period						
(1)Disposal						
4. Closing balance	29,028,132.73			3,810,053.83	2,446,748.17	35,284,934.73
III. Impairment provision						
1. Opening balance				3,111.00		3,111.00
2. Increase in the period						
(1) Accrual						
3. Decrease in the period						

(1) Disposal						
4. Closing balance				3,111.00		3,111.00
IV. Book value						
1. Closing book value	417,697,561.20			3,961,121.19	4,693,773.36	426,352,455.75
2. Opening book value	187,412,156.93			4,680,424.96	5,414,645.51	197,507,227.40

The proportion of intangible assets formed through internal research and development at period-end in the balance of intangible assets: 0.00%

(2) Land-use rights without property rights certificate

Unit: RMB

Item	Book value	Reasons for without property rights certificate
Land-use rights	235,577,041.67	in process

Other description:

None

27. Development expenditure

Unit: RMB

Item	Opening balance	Increase in the period			Decrease in the period			Closing balance
		Internal development expenditure	Others		Recognized as intangible assets	Amounts transferred into current profit and loss		

Other description:

None

28. Goodwill

(1) Original book value of goodwill

Unit: RMB

Name of the investee and item with goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Formed by business		Disposal		

		combination				
Shandong Kunzhong Real Estate Co., Ltd.	39,378,573.51					39,378,573.51
Nanjing Huiyue Hotel Management Co., Ltd.	60,489,146.87					60,489,146.87
Total	99,867,720.38					99,867,720.38

(2) Goodwill impairment provision

Unit: RMB

Name of the investee and item with goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Provision		Disposal		

Relevant information of asset group or combination of asset group where goodwill is located

The Company acquired Shandong Kunzhong Real Estate Co., Ltd. in 2016 and generated goodwill of RMB 39,378,573.51. The goodwill was divided into corresponding asset groups. The category of goodwill related assets consists of long-term assets, goodwill and deferred income tax liabilities. The recoverable amount of the asset group is determined based on the net amount of the fair value minus the disposal expenses.

The Company's acquisition of Nanjing Huiyue Hotel Management Co., Ltd. in 2018 generated goodwill of RMB 60,489,146.87, which was divided into corresponding asset groups. The category of goodwill related assets consists of long-term assets, goodwill and deferred income tax liabilities. The recoverable amount of the asset group is determined based on the net amount of the fair value minus the disposal expenses.

The confirmation method of goodwill impairment testing process, key parameters (such as growth rate of the present value of projected future cash flow in forecast period, growth rate in stable period, rate of profit, discount rate and the forecast period) and goodwill impairment loss:

The recoverable amount of the Company's asset group including goodwill is estimated by the net amount of the fair value of the asset group in which the goodwill is located less the disposal costs. As for the assets whose fair value can refer to that in the market, the market comparison method is used to estimate the fair value of the base date of the assets to be estimated, taking into account the differences in time, transaction, regional and individual factors; For other assets, combined with the actual situation of assets, the cost method is adopted to determine the fair value of the assets to be appraised on the base date. The Company entrusted an asset assessment company to conduct an impairment test on goodwill. After testing, no goodwill was found to be impaired, and no provision for impairment was made.

Impact of impairment tests on goodwill

None

Other description:

None

29. Long-term prepaid expense

Unit: RMB

Item	Opening balance	Increase in the period	Amortization in the period	Other decrease	Closing balance
Decoration expenditure	186,953,773.64	275,794,736.00	62,457,211.00		400,291,298.64
Marketing fee	4,877,521.71	250,876.00	480,936.25		4,647,461.46
Rent and property fees	47,239,952.20	43,982,906.50	62,223,389.49		28,999,469.21
Others	1,494,714.47	5,944,625.20	422,191.05		7,017,148.62
Total	240,565,962.02	325,973,143.70	125,583,727.79		440,955,377.93

Other description

30. Deferred tax assets and deferred tax liabilities

(1) Deferred income tax assets without offsetting

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	1,879,621.51	412,811.14	930,130.35	177,903.51
Deductible losses	84,774,502.49	21,193,625.63	43,219,714.47	10,804,928.62
Accrued and unpaid employee compensation			70,000,000.00	10,500,000.00
Total	86,654,124.00	21,606,436.77	114,149,844.82	21,482,832.13

(2) Deferred income tax liabilities without offsetting

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Appreciation of asset valuation of business combination under uncommon control	365,183,429.96	91,295,857.49	375,304,896.84	93,826,224.21
Changes in fair value of other equity instrument investments	40,000,000.00	10,000,000.00	50,000,000.00	12,500,000.00
Fixed asset accounting depreciation less than tax law			2,298,553.47	344,783.02
Changes in fair value of transactional financial assets	22,697,173.26	3,381,587.10	1,712,787.50	261,265.80
Total	427,880,603.22	104,677,444.59	429,316,237.81	106,932,273.03

(3) Deferred income tax assets or liabilities presented in net amount after offsetting

Unit: RMB

Item	Mutual offset amount at the end of the reporting period	Closing balance of deferred tax assets or liabilities after offset	Mutual offset amount at the beginning of the reporting period	Opening balance of deferred tax assets or liabilities after offset
Deferred tax assets		21,606,436.77		21,482,832.13
Deferred tax liabilities		104,677,444.59		106,932,273.03

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	221,561.67	
Deductible losses	55,733,407.18	32,969,109.71
Total	55,954,968.85	32,969,109.71

(5) Deductible losses of unrecognized deferred income tax assets will expire in the following years

Unit: RMB

Year	Closing balance	Opening balance	Note
2020			
2021	10,989,030.45	11,383,708.37	
2022	119,383.82	119,383.82	
2023	11,480,964.23	11,480,964.23	
2024	9,975,369.01	9,985,053.29	
2025	23,168,659.67		
Total	55,733,407.18	32,969,109.71	--

31. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Prepaid land payments	601,000,000.00		601,000,000.00	218,449,062.00		218,449,062.00
Investment funds	500,800,000.00		500,800,000.00	300,000.00		300,000.00
Prepaid construction payments	35,584,390.50		35,584,390.50			
Input tax to be deducted / to be certified	13,707,312.81		13,707,312.81	13,658,316.34		13,658,316.34
Prepaid decoration				93,560,250.00		93,560,250.00
Total	1,151,091,703.31		1,151,091,703.31	325,967,628.34		325,967,628.34

Other description:

32. Short-term borrowings
(1) Short-term borrowings classification

Unit: RMB

Item	Closing balance	Opening balance
Pledge borrowings	479,768,050.00	1,397,000,000.00
Guarantee borrowings		360,000,000.00
Credit borrowings	3,496,251,279.22	1,110,000,000.00
Total	3,976,019,329.22	2,867,000,000.00

Description of the classification of short-term borrowings:

(2) Overdue outstanding short-term loans

The total amount of overdue outstanding short-term loans at the end of the period is RMB0.00, and the important overdue outstanding short-term loans are as follows:

Unit: RMB

Borrower	Closing balance	Borrowing rates	Overdue time	Overdue interest rates
----------	-----------------	-----------------	--------------	------------------------

Other description:

33. Transactional financial liability

Unit: RMB

Item	Closing balance	Opening balance
Inc:		
Inc:		

Other description:

34. Derivative financial liability

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

Other description:

35. Notes payable

Unit: RMB

Category	Closing balance	Opening balance
----------	-----------------	-----------------

36. Accounts payable

(1) List of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	83,112,000.00	52,000.00
Project payments	53,138,461.93	13,062,592.12
Start class fees	47,005,391.45	188,285,128.46
Market promotion fees	12,918,597.97	26,766,715.00
Decoration costs	11,312,336.01	7,863,306.78
Rent and property fees	4,337,615.50	452,248.50
Total	211,824,402.86	236,481,990.86

(2) Major accounts payable aged over one year

Unit: RMB

Item	Closing balance	Reasons for outstanding or carry-over
------	-----------------	---------------------------------------

Other description:

37. Receipts in advance
(1) List of receipts in advance

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

(2) Major receipts in advance aged over one year

Unit: RMB

Item	Closing balance	Reasons for outstanding or carry-over
------	-----------------	---------------------------------------

38. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Training fees received in advance	4,925,351,396.44	2,556,903,384.51
Others	76,912.89	646,327.99
Total	4,925,428,309.33	2,557,549,712.50

Amount and reasons for major changes in book value in the reporting period

Unit: RMB

Item	Changes in amount	Reasons for changes
------	-------------------	---------------------

39. Employee benefits payable

(1) List of employee benefits payable

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
I. Short-term compensation	404,338,198.91	5,604,713,040.16	5,372,223,593.28	636,827,645.79
II. Post-employment welfare-defined contribution plan	7,137,437.12	98,853,622.72	105,370,271.64	620,788.20
III. Dismissal welfare		908,528.15	908,528.15	
Total	411,475,636.03	5,704,475,191.03	5,478,502,393.07	637,448,433.99

(2) List of short-term salary

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
1. Wages or salaries, bonuses, allowances and subsidies	393,403,204.25	5,251,871,663.94	5,016,445,193.57	628,829,674.62
2. Staff welfare		11,509,489.48	11,509,489.48	
3. Social security contributions	4,964,980.66	183,658,915.98	181,673,056.47	6,950,840.17
Inc: Medical insurance	4,433,301.20	177,350,983.20	174,850,147.69	6,934,136.71
Employment injury insurance	165,403.54	1,826,540.25	1,988,368.55	3,575.24
Maternity insurance	366,275.92	4,481,392.53	4,834,540.23	13,128.22
4. Housing fund	5,970,014.00	157,505,989.48	162,434,422.48	1,041,581.00
5. Labor union expenditure and employee education expenditure		166,981.28	161,431.28	5,550.00

Total	404,338,198.91	5,604,713,040.16	5,372,223,593.28	636,827,645.79
-------	----------------	------------------	------------------	----------------

(3) List of post-employment welfare-defined contribution plan

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
1. Basic pension insurance	6,806,195.23	95,089,531.09	101,295,277.24	600,449.08
2. Unemployment insurance	331,241.89	3,764,091.63	4,074,994.40	20,339.12
Total	7,137,437.12	98,853,622.72	105,370,271.64	620,788.20

Other description:

40. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Value-added tax	8,571,895.29	48,652,668.81
Enterprise income tax	119,249,068.60	116,032,612.72
Individual income tax	160,427.08	5,527,794.99
City maintenance and construction tax	549,182.28	3,413,989.84
Property tax	1,251,091.59	1,288,867.69
Land-use tax	806,176.59	943,956.91
Education surcharge	238,219.17	1,475,646.01
Deed tax		5,847,718.44
Others	285,710.18	1,122,772.43
Total	131,111,770.78	184,306,027.84

Other description:

41. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Interest payable		4,521,557.54
Other payables	9,479,383.03	84,171,854.44
Total	9,479,383.03	88,693,411.98

(1) Interest payable

Unit: RMB

Item	Closing balance	Opening balance
Interest payable on short term loans		4,521,557.54
Total		4,521,557.54

Major overdue outstanding interest payable:

Unit: RMB

Borrower	Amount outstanding	Reason
----------	--------------------	--------

Other description:

(2) Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

Other description, including significant dividends payable which have not been paid for more than 1 year, disclosure shall be made of the reasons for non-payment:

(3) Other payables
1) List of other payables by nature

Unit: RMB

Item	Closing balance	Opening balance
Daily expenses	1,597,271.61	44,839,078.80
Equity transfer		34,663,519.48
Social Security and Provident Fund	924,969.11	1,298,386.07
deferred payment and others	6,957,142.31	3,370,870.09
Total	9,479,383.03	84,171,854.44

2) Major other payables aged over one year

Unit: RMB

Item	Closing balance	Reasons for outstanding or carry-over
------	-----------------	---------------------------------------

Other description:

42. Held-for-sale liabilities

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

Other description:

43. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

Other description:

44. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Output tax to be transferred	147,765,156.66	76,726,491.38
Total	147,765,156.66	76,726,491.38

Changes in short-term bonds payable

Unit: RMB

Name	Face value	Date of Issue	Period	Amount	Opening balance	Issuance in the period	Accrual of interest at face value	Premium and discount amortization	Repay in the period	Closing balance
------	------------	---------------	--------	--------	-----------------	------------------------	-----------------------------------	-----------------------------------	---------------------	-----------------

Other description:

45. Long-term borrowings
(1) Category of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

Description for the category of long-term borrowings:

Other description, including interest rate ranges:

46. Bonds payable

(1) Bonds payable

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

(2) Changes in bonds payable (Excluding other financial instruments such as preferred stocks and perpetual bonds classified as financial liabilities)

Unit: RMB

Name	Face value	Date of Issue	Period	Amount	Opening balance	Issuance in the period	Accrual of interest at face value	Premium and discount amortization	Repay in the period	Closing balance
Total	--	--	--							

(3) Description of conversion conditions and conversion time of convertible corporate bonds
(4) Description of other financial instruments classified as financial liabilities

Information of other financial instruments such as preferred stocks and perpetual bonds issued at the end of the period

Changes of financial instruments such as preferred stocks and perpetual bonds issued at the end of the period

Unit: RMB

Financial instruments issued	Opening		Increase in the period		Decrease in the period		Closing	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Explanation of the basis for classifying other financial instruments as financial liabilities

Other description

47. Lease liability

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

Other description:

48. Long-term payable

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

(1) List of long-term payable by nature of payment

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

Other description:

(2) Special payable

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance	Reason
------	-----------------	------------------------	------------------------	-----------------	--------

Other description:

49. Long-term employee benefits payable
(1) List of long-term employee benefits payable

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

(2) Changes in defined benefit plans

Present value of defined benefit plan obligations:

Unit: RMB

Item	Amount in the current period	Amount in the prior period
------	------------------------------	----------------------------

Plan assets:

Unit: RMB

Item	Amount in the current period	Amount in the prior period
------	------------------------------	----------------------------

Defined benefit plan net debt (Net assets)

Unit: RMB

Item	Amount in the current period	Amount in the prior period
------	------------------------------	----------------------------

Description for defined benefit plan and other matters, namely, the risks associated with it, the impact on the company's future cash flow, time and uncertainty:

Description for the major actuarial hypothesis and sensitivity analysis of defined benefit plan:

Other description:

50. Estimated liabilities

Unit: RMB

Item	Closing balance	Opening balance	Reason
------	-----------------	-----------------	--------

Other description, including description for the relevant important assumptions and estimates of the important estimated liabilities:

51. Deferred income

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance	Reason
------	-----------------	------------------------	------------------------	-----------------	--------

Projects involving government subsidies

Unit: RMB

Item	Opening balance	Increased subsidies	Amount included in non-operating income	Amount included in other income	Amount of cost reduction	Other changes	Closing balance	Related to assets / income
------	-----------------	---------------------	---	---------------------------------	--------------------------	---------------	-----------------	----------------------------

Other description:

52. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

Other description:

53. Share capital

Unit: RMB

	Opening balance	Changes in the current period (+/-)					Closing balance
		New shares issued	Bonus shares	Shares transferred from capital reserve	Others	Subtotal	
Total number of shares	103,807,623.00						103,807,623.00

Other description:

54. Other equity instruments

(1) Information of other financial instruments such as preferred stocks and perpetual bonds issued at the end of the period

(2) Changes for other financial instruments such as preferred stocks and perpetual bonds issued at the end of the period

Unit: RMB

Financial instruments issued	Opening		Increase in the period		Decrease in the period		Closing	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Changes of other equity instruments in the current period, the reasons for changes, and the basis for related accounting treatments:

Other description:

55. Capital reserve

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Capital (equity) premium	956,481,049.50	269,000,000.00		1,225,481,049.50
Other capital reserve	242,100,000.00	26,900,000.00	269,000,000.00	
Total	1,198,581,049.50	295,900,000.00	269,000,000.00	1,225,481,049.50

Other explanations, including changes in the period and reasons for the changes:

Note: The change of capital reserve is mainly caused by share based payments. See Note XIII. "Share-based Payments".

56. Treasury stock

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
------	-----------------	------------------------	------------------------	-----------------

Other explanations, including changes in the period and reasons for the changes:

57. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount in the current period						Closing balance
		Amount before current income tax for the current period	Less: Earned to other comprehensive income in the previous period and transferred to profit and loss in the current period	Less: Earned to other comprehensive income in the previous period and transferred to retained earnings in the current period	Less: income tax expenses	Attributable to the parent company, after tax	Attributable to minority shareholders after tax	
1. Other comprehensive income not reclassified into gains or losses	37,500,000.00	-10,000,000.00			-2,500,000.00	-7,500,000.00		30,000,000.00
Changes in the fair value of other equity instrument investments	37,500,000.00	-10,000,000.00			-2,500,000.00	-7,500,000.00		30,000,000.00
Total other comprehensive income	37,500,000.00	-10,000,000.00			-2,500,000.00	-7,500,000.00		30,000,000.00

Other descriptions, including the adjustment of the effective part of the cash flow hedge gains and losses converted into the initially confirmed amount of the hedged item:

58. Special reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
------	-----------------	----------	----------	-----------------

Other explanations, including changes in the current period and the corresponding reasons:

59. Surplus reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	45,000,000.00			45,000,000.00
Total	45,000,000.00			45,000,000.00

Descriptions for surplus reserve, including the changes and the reasons in the current period:

60. Retained earnings

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Retained earnings at the end of the previous period before adjustment	2,046,657,231.32	1,660,363,232.50
Adjusting total retained earnings at the beginning of the period(Increase +, decrease-)		247,170.28
Retained earnings at the beginning of the year after adjustment	2,046,657,231.32	1,660,610,402.78
Add: net profit attributable to owners of the Parent Company for the current period	2,304,357,742.74	1,804,548,688.01
Dividend payable for common shares	1,480,175,853.36	1,418,501,859.47
Retained earnings at the end of the period	2,870,839,120.70	2,046,657,231.32

Details for the adjustment of the retained earnings at the beginning of the period:

- (1) The retained earnings at the beginning of the period impacted by the retroactive adjustment of the *ASBE* (*Accounting Standards for Business Enterprises*) and its new regulations: RMB0.00.
- (2) The retained earnings at the beginning of the period impacted by the changes in accounting policies: RMB0.00.
- (3) The retained earnings at the beginning of the period impacted by the major accounting error correction: RMB0.00.
- (4) The retained earnings at the beginning of the period impacted by the change of combination scope under common control: RMB0.00.
- (5) The retained earnings at the beginning of the period impacted by other adjustments: RMB0.00.

61. Revenue and cost of revenue

Unit: RMB

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost of revenue	Revenue	Cost of revenue
Main business	11,138,901,718.71	4,513,636,084.16	9,119,325,741.43	3,765,351,141.48
Other business	63,592,576.33	53,690,847.28	56,804,254.46	47,243,245.07
Total	11,202,494,295.04	4,567,326,931.44	9,176,129,995.89	3,812,594,386.55

Whether the lower of the audited net profit before and after deduction of non-recurring gains and losses is negative

Yes No

Information about income:

Unit: RMB

Types of Contracts	Section 1	Section 2		Total
Inc:				
Inc:				
Inc:				
Inc:				
Inc:				
Inc:				
Inc:				

Information about the fulfillment of obligations:

None

Information about transaction price amortized in the rest of the obligation to be fulfilled:

The income from the unfulfilled or uncompleted obligation with signed contracts at the end of the reporting period: RMB 0.00.

Other description:

None

62. Taxes and surcharges

Unit: RMB

Item	Amount for the current period	Amount for the prior period
City maintenance and construction tax	763,262.32	18,428,159.57
Education surcharge	541,844.53	13,118,799.94

Property tax	6,616,408.91	5,955,512.56
Land use tax	3,381,103.73	3,490,394.16
Vehicle usage tax	219,798.99	188,195.28
Stamp tax	844,498.27	15,009,303.05
Others	371,797.88	501,274.68
Total	12,738,714.63	56,691,639.24

Other description:

63. Selling expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Employee's benefits	1,236,069,387.65	997,702,180.56
Marketing fee	278,829,823.86	291,604,372.33
Rent, property fee, depreciation and amortization expenses	188,443,486.90	113,285,202.76
Travel expenses	99,197,672.77	72,300,626.88
Others	9,249,741.98	8,092,044.25
Total	1,811,790,113.16	1,482,984,426.78

Other description:

64. General and administrative expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Employee's benefits	860,224,894.29	772,474,666.68
Rent, property fee, depreciation and amortization expenses	155,909,891.20	98,906,407.56
Office expenses	116,671,846.80	83,342,828.04
Share payments	26,900,000.00	53,800,000.00
Travel expenses	62,125,639.40	46,380,858.89
Welfare fee	8,559,890.15	6,181,511.50
Others	49,477,045.53	37,385,681.29
Total	1,279,869,207.37	1,098,471,953.96

Other description:

65. Research and development expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Employee's benefits	980,101,934.22	658,279,542.88
Travel expenses	23,799,305.33	14,798,355.15
Others	46,796,094.24	24,862,320.33
Total	1,050,697,333.79	697,940,218.36

Other description:

66. Financial expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Interest expenses	172,114,852.12	107,847,460.74
Less: Interest income	33,148,136.69	2,451,260.28
Service Charges	291,581,973.74	98,912,315.95
Total	430,548,689.17	204,308,516.41

Other description:

67. Other income

Unit: RMB

Sources of other income	Amount for the current period	Amount for the prior period
VAT reduction and exemption	313,855,441.46	3,685,465.99
Subsidies for job security	19,123,806.18	2,584,908.68
Tax handling fee refund	1,746,734.22	6,808.23
Land use tax incentive	444,804.00	
Rent subsidy	268,680.00	328,500.00
Park supporting fund	120,000.00	129,000.00
Small financial support income from the government	151,606.91	14,598.91
Total	335,711,072.77	6,749,281.81

68. Investment income

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Dividend income from other equity instruments investment during the holding period	249,600.00	
Interest income obtained from debt investment during the holding period	76,070,548.08	75,092,676.43
Income from financial products	180,223,310.57	184,130,073.02
Total	256,543,458.65	259,222,749.45

Other description:

69. Net exposure hedging income

Unit: RMB

Item	Amount for the current period	Amount for the prior period

Other description:

70. Gains from changes in fair values

Unit: RMB

Sources of gains from changes in fair values	Amount for the current period	Amount for the prior period
Transactional financial assets	20,984,385.76	1,712,787.50
Total	20,984,385.76	1,712,787.50

Other description:

71. Impairment losses of credit

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Loss on bad debts of other receivables	-182,909.95	-194,490.90
Loss on bad debts of accounts receivables	-988,142.88	-143,244.11
Total	-1,171,052.83	-337,735.01

Other description:

72. Impairment losses of assets

Unit: RMB

Item	Amount for the current period	Amount for the prior period
------	-------------------------------	-----------------------------

Other description:

73. Income from assets disposal

Unit: RMB

Sources of income from assets disposal	Amount for the current period	Amount for the prior period
Fixed assets	162,043.59	182,904.69

74. Non-operating income

Unit: RMB

Item	Amount for the current period	Amount for the prior period	Amount included in current non-recurring gains and losses
Governmental subsidy	19,800.00		19,800.00
Others	798.00	2,000.00	798.00
Gains from disposal of non-current assets	44,705.00		44,705.00
Inc: gains from disposal of fixed assets	44,705.00		44,705.00
Total	65,303.00	2,000.00	65,303.00

Government subsidy reckoned into current gains and losses:

Unit: RMB

Item	Entity	Purpose	Type	Whether the subsidy impacts the gain/loss of the year	Whether it is special subsidy	Amount for the current period	Amount for the prior period	Related to assets/income
Special Subsidy for infrared thermometers for pandemic Prevention from Haidian Development and Reform Commission						19,800.00	0.00	Related to income

Other description:

75. Non-operating expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period	Amount included in the current non-recurring profit (gains)/losses
Outward donation	305,003.50	70,000.00	305,003.50
Compensation expenses	3,845.50	1,193,903.00	3,845.50
Others		6,552.38	
Forfeiture and overdue fine	365,792.85	72,956.87	365,792.85
Total	674,641.85	1,343,412.25	674,641.85

Other description:

76. Income tax expenses
(1) Statement of income tax expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Current income tax expense	356,690,541.80	298,583,001.18
Deferred income tax expense	121,566.92	-13,798,238.91
Total	356,812,108.72	284,784,762.27

(2) Adjustment process of accounting profit and income tax expense

Unit: RMB

Item	Amount for the current period
Total profit	2,661,143,874.57
Income tax expenses calculated at statutory/applicable tax rate(s)	399,171,581.19
Impact from different tax rates applicable to subsidiaries	-6,991,306.55
Impact from adjustment of previous periods income tax	-13,895.40
Impact from non-taxable income	-62,400.00
Impact from non-deductible cost, expense and loss	5,245,057.55

Impact from using deductible losses of previously unrecognized deferred income tax assets	-78,416.71
Impact from deductible temporary differences or deductible losses of deferred income tax assets unrecognized in the current period	4,648,819.61
Income tax expenses	356,812,108.72

Other description:

77. Other comprehensive income

For details, please refer to Note VII(57) Other comprehensive income of this report.

78. Cash Flow Statement Items

(1) Other cash received related to operating activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Deposits and guarantees	206,647,643.62	12,966,970.83
interest income	33,148,136.69	2,442,258.77
Other income and non-operating income	22,576,746.74	6,707,550.47
Capital occupation fee	13,324,109.00	
Reserve funds	5,313,917.82	117,167.05
deferred expense and others	1,548,933.16	
Current account		21,013,208.09
Total	282,559,487.03	43,247,155.21

Explanation for other cash received related to operating activities:

(2) Other Cash paid related to operating activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Daily expenses	1,015,974,942.08	776,387,546.48
Service charges	291,248,494.89	98,912,315.95
Deposits and guarantees	70,688,933.00	228,169,372.25
Reserve funds	5,480,802.14	462,505.64
Non-operating expenses	674,641.85	1,343,412.25

deferred expense and others		1,251,691.76
Current account		105,790,520.79
Total	1,384,067,813.96	1,212,317,365.12

Explanation for other cash paid related to operating activities:

(3) Other cash received related to investment activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
------	-------------------------------	-----------------------------

Explanation for other cash received related to investment activities:

(4) Other cash paid related to investment activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Engineering deposit	200,000,000.00	
Total	200,000,000.00	

Explanation for other cash paid related to investment activities:

(5) Other cash received related to fundraising

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Equity distribution margin	1,000,000.00	
Total	1,000,000.00	

Explanation for other cash received related to fundraising:

(6) Other cash paid related to fundraising

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Equity distribution margin	1,000,000.00	
Dividend handling fee	333,478.85	1,503,370.80
Total	1,333,478.85	1,503,370.80

Explanation for other cash paid related to fundraising:

79. Supplementary information for cash flow statement

(1) Supplementary information for the cash flow statement

Unit: RMB

Supplementary information	Amount for the current period	Amount for the prior period
1. Net profit adjusted to cash flow of operating activities:	--	--
Net profit	2,304,331,765.85	1,804,542,668.51
Add: Provision for impairment of assets		
Credit impairment loss	1,171,052.83	337,735.01
Depreciation of fixed assets and productive biological assets, and depletion of oil and gas assets	88,365,469.55	71,901,162.47
Depreciation of right-of-use assets		
Amortization of intangible assets	12,694,728.51	6,922,211.36
Amortization of long-term deferred expense	62,457,211.00	83,512,778.76
Losses (gains are indicated by "-") on disposal of fixed assets, intangible assets and other long-term assets	-162,043.59	-182,904.69
Losses (gains are indicated by "-") on write-off of fixed assets	-44,705.00	
Losses (gains are indicated by "-") on changes in fair values	-20,984,385.76	-1,712,787.50
Financial expenses (income is indicated by "-")	172,448,330.97	107,847,460.74
Losses (gains are indicated by "-") from investments	-256,543,458.65	-259,222,749.45
Decrease /(increase is indicated by "-") in deferred income tax assets	-123,604.64	-11,463,011.76
Increase (decrease is indicated by "-") in deferred income tax liabilities	245,171.56	-2,335,227.15
Decrease (increase is indicated by "-") in inventories		20,062.46
Decrease (increase is indicated by "-") in operating receivables	107,621,688.58	-276,297,092.22
Increase (decrease is indicated by "-") in operating payables	2,384,091,880.70	896,315,778.65
Others	26,900,000.00	53,800,000.00

Net cash flow from operating activities	4,882,469,101.91	2,473,986,085.19
2. Significant investment and financing activities not involving cash flow:	--	--
Conversion of debt into capital		
Convertible bonds due within 1 year		
Fixed assets acquired under financing lease		
3. Net changes in cash and cash equivalents:	--	--
Closing balance of cash	5,950,036,489.12	2,724,335,001.58
Less: Opening balance of cash	2,724,335,001.58	648,711,545.32
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase of cash and cash equivalents	3,225,701,487.54	2,075,623,456.26

(2) Net cash paid for acquiring subsidiaries for the current period

Unit: RMB

	Amount
--	--------

Other description:

(3) Net cash acquired from disposal of subsidiaries in the current period

Unit: RMB

	Amount
--	--------

Other description:

(4) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	5,950,036,489.12	2,724,335,001.58
Including: Cash on hand	67,906.76	40,288.16
Cash at bank	5,881,843,030.73	2,657,929,052.80
Other monetary capital for payment at any time	68,125,551.63	66,365,660.62
III. Closing balance of cash and cash equivalent	5,950,036,489.12	2,724,335,001.58
Including: Cash and cash equivalents with restricted use of parent company or subsidiaries within the group		

Other description:

80. Note on statement of changes in owners' equity

Explanation of the adjustment of "other items" and the amount to the closing balance at the end of the previous year:

None

81. Assets with restricted ownership or use rights

Unit: RMB

Item	Closing book value	Reason for restriction
Monetary funds	358,600.00	guarantees
Non-current assets maturing within one year	1,000,000,000.00	Pledge loan not yet to complete the release procedures
Total	1,000,358,600.00	--

Other description:

As of December 31, 2020, the non-current assets of RMB500,000,000.00 due within one year have not yet completed the release procedures, and the relevant short-term loans have been paid off in September 2020; all of the non-current assets due within one year have been released in April 2021.

82. Monetary items denominated in foreign currency

(1) Monetary items denominated in foreign currency

Unit: RMB

Item	Closing balance of foreign currency	Exchange rate	Closing balance converted to RMB
Money funds	--	--	
Inc: dollar			
euro			
Hong Kong dollar			
Accounts receivable	--	--	
Inc: dollar			
euro			
Hong Kong dollar			

Long-term loan	--	--	
Inc: dollar			
euro			
Hong Kong dollar			

Other description:

(2) Descriptions for out-bound operational entity, including the disclosure of important out-bound entity's principal place of business, recording currency and the basis of its selection. Reasons should be revealed if the recording currency changes.

Applicable Not applicable

83. Hedging

Disclosure of hedging items, related hedging tools and the qualitative and quantitative information on hedged risks according to hedge categories:

None

84. Government grants

(1) General information of Government grants

Unit: RMB

Types	Amount	Listed items	Amount included in current gains and losses
Subsidy for job security	19,123,806.18	Other income	19,123,806.18
Land use tax incentive	444,804.00	Other income	444,804.00
Rent subsidy	268,680.00	Other income	268,680.00
Park supporting fund	120,000.00	Other income	120,000.00
Small financial support income from the government	151,606.91	Other income	151,606.91
Special subsidy for infrared thermometers received during the pandemic	19,800.00	Non-performing income	19,800.00
Total	20,128,697.09		20,128,697.09

(2) Refund of government subsidies

Applicable Not applicable

Other description:

85. Others

None

Section VIII. Changes of the Consolidation Scope
1. Business combinations not under common control
(1) Business combinations not under common control for the current period

Unit: RMB

Name of the acquiree	Time of acquiring equity	Cost of acquiring equity	Proportion of equity acquisition	Ways of acquiring equity	Date of acquisition	Basis of determining the date of acquisition	Income of the acquiree from the purchase date to the end of the period	Net profit of the acquiree from the purchase date to the end of the period

Other description:

None

(2) Merger costs and goodwill

Unit: RMB

Merger costs

Explanation of the method of determining the fair value of the merger costs, and contingent consideration and its changes:

None

The main reasons for the formation of large goodwill:

None

Other description:

None

(3) The identifiable assets and liabilities of the acquiree at the date of acquisition

Unit: RMB

	Fair value at the date of acquisition	Book value of the date of acquisition

The method of determining the fair value of identifiable assets and liabilities:

None

The contingent liabilities of the acquiree assumed in the business combination:

None

Other description:

None

(4) Gains or losses arising from re-measurement of equity held before the purchase date at fair value

Whether there is a transaction that realizes business combination step by step through multiple transactions and obtains control during the reporting period

Yes No

(5) Relevant descriptions about the failure of determining the merger consideration or the fair value of the identifiable assets and liabilities of the acquiree on the date of acquisition or at the end of the merger period

None

(6) Other descriptions

None

2. Business combinations under common control

(1) Business combinations under common control for the current period

Unit: RMB

Name of the merged party	Equity ratio obtained in the business combination	Basis for business combination under common control	Date of business combination	Basis of determining the combination date	Income of the merged party from the beginning of combination period to the combination date	Net profit of the merged party from the beginning of the combination period to the combination date	Income of the merged party during the comparison period	Net profit of the merged party during the comparison period

Other description:

None

(2) Cost of business combination

Unit: RMB

Cost of business combination	
------------------------------	--

Descriptions for the contingent consideration and its changes:

None

Other description:

None

(3) Book value of assets and liabilities of the merged party on the combination date

Unit: RMB

	Combination date	End of the previous period

Contingent liabilities of the merged party assumed in the business combination:

None

Other description:

None

3. Reverse purchase

Basic information of the transaction, the basis for recognizing the transaction as reverse purchase, whether the assets and liabilities retained by the listed company constitute a business and its judging basis, the determination of the merger cost, the adjustment amount of equity and its calculation method when treated as equity transactions:

None

4. Disposal of subsidiaries

Whether there is a situation where a single disposal of the investment in the subsidiary results in the loss of control

Yes No

Whether there is a situation where the investment in the subsidiary disposed step by step through multiple transactions results in the loss of control in the current period

Yes No

5. Changes of the scope of consolidation due to other reasons

Explanation of the changes in the scope of consolidation caused by other reasons (such as newly established subsidiaries, liquidation subsidiaries, etc.) and the relevant circumstances:

Full name of the subsidiary	Proportion of shareholding (%)	Reason for changes
1.Beijing Offcn Future Education Technology Co. Ltd.	100.00	New establishment
2.Beijing Offcn Future Research Education Technology Co., Ltd.	100.00	New establishment
3.Shaanxi Offcn Education Technology Co. Ltd.	100.00	New establishment
4.Chengdu Offcn Future Education Training School Co. Ltd.	100.00	New establishment
5.Wuhu Offcn Training School Co. Ltd.	100.00	New establishment
6.Wuhan Guoshang Human Resource Service Co., Ltd	100.00	New establishment
7.Jinan Zhangqiu Offcn Training School Co. Ltd.	100.00	New establishment
8.Mengzi Offcn Education Training Co. Ltd.	100.00	New establishment
9.Beijing Offcn Technology Development Co. Ltd	100.00	New establishment
10.Shanghai Offcn Education Technology Co. Ltd.	100.00	New establishment
11.Guangzhou Offcn Smart Education Technology Co. Ltd.	100.00	New establishment
12.Pingshan Offcn Education Technology Co. Ltd.	100.00	New establishment
13.Shandong Offcn Education Training School Co. Ltd.	100.00	New establishment
14.Lanzhou Offcn Education Training School Co. Ltd.	100.00	New establishment

6. Others

None

Section IX. Interest In Other Entities

1. Interest in subsidiaries

(1) Composition of the Company

Name	Principal place of business	Place of registration	Nature of business	Shareholding ratio		Acquisition method
				Direct	Indirect	

1. Offcn Ltd.	Beijing	Beijing	Service industry	100.00%		Reverse purchase
2. Wuhu Yawei Automobile Sales Service Co., Ltd	Wuhu	Wuhu	Merchandise sales, etc.	100.00%		New establishment
3. Ningguo Yaxia Automobile Driver Training School (Co., Ltd.)	Ningguo	Ningguo	Service industry	100.00%		New establishment
4. Huangshan Yaxia Fudi Automobile Sales Services Co., Ltd.	Huangshan	Huangshan	Merchandise sales, etc.	100.00%		New establishment
5. Chaohe Yaxia Kaixuan Automobile Sales Services Co., Ltd.	Hefei	Hefei	Merchandise sales, etc.	100.00%		New establishment
6. Bozhou Yaxia Automobile Driver Training School Co., Ltd.	Bozhou	Bozhou	Service industry	100.00%		New establishment
7. Suzhou Bokai Automobile Sales Services Co., Ltd.	Suzhou	Suzhou	Merchandise sales, etc.	100.00%		Acquisition
8. Beijing Offcn Future Education Technology Co. Ltd.	Beijing	Beijing	Service industry	100.00%		New establishment
9. Beijing Offcn Future Research Education Technology Co., Ltd.	Beijing	Beijing	Service industry		100.00%	New establishment
10. Shaanxi Offcn Education Technology Co. Ltd.	Xi'an	Xi'an	Service industry	100.00%		New establishment
11. Chengdu Offcn Future Education Training School Co. Ltd.	Chengdu	Chengdu	Service industry	100.00%		New establishment
12. Zhejiang Offcn Education Technology Co. Ltd.	Hangzhou	Hangzhou	Service industry		100.00%	New establishment
13. Taizhou Offcn Future Enterprise Management Consulting Co., Ltd.	Taizhou	Taizhou	Service industry		100.00%	New establishment
14. Beijing Offcn Xinzhiyu Online Technology Co., Ltd.	Beijing	Beijing	Service industry		100.00%	New establishment
15. Hulunbuir Hailar Offcn Education Information Consulting Co., Ltd.	Hulunbuir	Hulunbuir	Service industry		100.00%	New establishment
16. Xilinhot Offcn Future Education Consulting Co., Ltd.	Xilinhot	Xilinhot	Service industry		100.00%	New establishment
17. Yueqing Lecheng Offcn Training Center Co., Ltd.	Yueqing	Yueqing	Service industry		100.00%	New establishment

18. Jiaozuo Offcn Future Education Service Co., Ltd.	Jiaozuo	Jiaozuo	Service industry		100.00%	New establishment
19. Xinzheng Offcn Cultural Communication Co., Ltd.	Zhengzhou	Zhengzhou	Service industry		100.00%	New establishment
20. Chongqing Jiangbei Offcn Vocational Examination Training Co., Ltd.	Chongqing	Chongqing	Service industry		100.00%	New establishment
21. Nanning Offcn Future Education Consulting Co., Ltd.	Nanning	Nanning	Service industry		100.00%	New establishment
22. Baiyin Offcn Future Education Consulting Co., Ltd.	Baiyin	Baiyin	Service industry		100.00%	New establishment
23. Beijing Xindezhiyuan Enterprise Management Consulting Co., Ltd.	Beijing	Beijing	Service industry		100.00%	New establishment
24. Nanjing Huiyue Hotel Management Co., Ltd.	Nanjing	Nanjing	Service industry		100.00%	Acquisition
25. Shandong Kunzhong Real Estate Co., Ltd.	Jinan	Jinan	Service industry		100.00%	Acquisition
26. Sanmenxia Offcn Cultural Communication Co., Ltd.	Sanmenxia	Sanmenxia	Service industry		100.00%	New establishment
27. Liaoning Offcn Academic & Cultural Exchange Co., Ltd.	Shenyang	Shenyang	Service industry		100.00%	New establishment
28. Liaoning Offcn Education Technology Co., Ltd.	Shenfuxinqu	Shenfuxinqu	Service industry		100.00%	New establishment
29. Shandong Offcn Education Technology Co., Ltd.	Qingdao	Qingdao	Service industry		100.00%	New establishment
30. Jilin Changyi Offcn Education Training School Co., Ltd.	Jilin	Jilin	Service industry		100.00%	New establishment
31. Yuxi Offcn Training School Co., Ltd.	Yuxi	Yuxi	Service industry		100.00%	New establishment
32. Tonghua Offcn Training School Co., Ltd.	Tonghua	Tonghua	Service industry		100.00%	New establishment
33. Hunan Lighsalt Offcn Education Technology Co., Ltd.	Changsha	Changsha	Service industry		90.00%	New establishment
34. Tianjin Hexi Offcn Training School Co., Ltd.	Tianjin	Tianjin	Service industry		100.00%	New establishment

35 Chengdu Offcn Education Training School Co., Ltd.	Chengdu	Chengdu	Service industry		100.00%	New establishment
36. Shandong Zhuoda Business Management Co., Ltd.	Rizhao	Rizhao	Service industry		100.00%	New establishment
37. Liaoning Zhongcheng Real Estate Development Co., Ltd.	Shenfuxinqu	Shenfuxinqu	Real estate		100.00%	Acquisition
38. Wuhu Offcn Training School Co. Ltd.	Wuhu	Wuhu	Service industry		100.00%	New establishment
39. Wuhan Guoshang Human Resource Service Co., Ltd.	Wuhan	Wuhan	Service industry		100.00%	New establishment
40. Jinan Zhangqiu Offcn Training School Co. Ltd.	Jinan	Jinan	Service industry		100.00%	New establishment
41. Mengzi Offcn Education Training Co. Ltd.	Mengzi	Mengzi	Service industry		100.00%	New establishment
42. Beijing Offcn Technology Development Co. Ltd	Beijing	Beijing	Service industry		100.00%	New establishment
43. Shanghai Offcn Education Technology Co. Ltd.	Shanghai	Shanghai	Service industry		100.00%	New establishment
44. Guangzhou Offcn Smart Education Technology Co. Ltd.	Guangzhou	Guangzhou	Service industry		100.00%	New establishment
45. Pingshan Offcn Education Technology Co. Ltd.	Shijiazhuang	Shijiazhuang	Service industry		100.00%	New establishment
46. Shandong Offcn Education Training School Co. Ltd.	Jinan	Jinan	Service industry		100.00%	New establishment
47. Lanzhou Offcn Education Training School Co. Ltd.	Lanzhou	Lanzhou	Service industry		100.00%	New establishment

Explanation of the differences between the percentage of shares held in the subsidiary and the voting rights ratio:

None.

Basis for the case of holding half or less of the voting rights but still controlling the investee, or holding more than half of the voting rights but not controlling the investee:

None.

Basis for the important structured entities included in the scope of consolidation:

None.

Basis for determining whether the Company is an agent or a principal:

None.

Other description:

None

(2) The important non-wholly owned subsidiary

Unit: RMB

Name of the subsidiary	Minority Shareholding Ratio	Profit and loss attributable to minority shareholders in the current period	Dividends declared to minority shareholders in the current period	The balance of minority shareholders' equity at the end of the period

Explanation for the differences between the ratio of the minority shareholders' shareholding and the voting rights ratio:

None.

Other description:

None

(3) Major financial information of important non-wholly owned subsidiaries

Unit: RMB

Name of the subsidiary	Closing balance						Opening Balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total Liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total Liabilities

Unit: RMB

Name of the subsidiary	Amount for the current period				Amount for the prior period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities

Other description:

None

(4) Significant restrictions on the use of corporate group assets and the settlement of corporate group debts

None

(5) Financial support or other support provided to structured entities included in the scope of consolidated financial statements

None

Other description:

None

2. Transactions with changes in the ownership equity share of the subsidiary but the subsidiary still under control

(1) Explanation of changes in the ownership share of subsidiaries

None.

(2) Impact of the transaction on the equity of minority shareholders and the equity attributable to the parent company

Unit: RMB

--	--

Other description:

None

3. Interests in joint arrangements or joint ventures

(1) Significant joint ventures and associates

Name of joint ventures and associates	The principal place of business	The place of registration	Business nature	Shareholding ratio		Accounting treatment of investment in joint ventures or associates
				Direct	Indirect	

Explanation of the differences between the shareholding ratio in a joint venture or an associate and that of the voting rights ratio:

None.

Basis for the case of holding less than 20% of the voting rights but having significant influence, or holding 20% or more of the voting rights but not having significant influence:

None.

(2) Main financial information of important joint ventures

Unit: RMB

	Closing balance / Amount for the current period	Opening Balance/ Amount for the prior period

Other description:

None

(3) Main financial information of important associates

Unit: RMB

	Closing balance / Amount for the current period	Opening Balance/ Amount for the prior period

Other description:

None

(4) Summary financial information of unimportant joint ventures and associates

Unit: RMB

	Closing balance / Amount for the current period	Opening Balance/ Amount for the prior period
Joint venture		
The sum of the following items according to shareholding ratio		
Associated enterprise		
The sum of the following items according to shareholding ratio		

Other description:

None

(5) Explanation of significant restrictions on the ability of joint ventures or associates to transfer funds to the Company

None.

(6) Excess losses incurred by joint ventures or associates

Unit: RMB

Name of joint ventures or associates	Unrecognized loss accumulated in the previous period	Unrecognized loss in the current period (or net profit shared in the current period)	Accumulated unrecognized loss at the end of the period
Other description: None			

(7) Unconfirmed commitments related to joint venture investment

None.

(8) Contingent liabilities related to investment in joint ventures or associates

None.

4. Important joint business

Name of joint business	The principal place of business	The place of registration	Business nature	Shareholding ratio/shares	
				Direct	Indirect
Explanation of the differences of the shareholding ratio or the shares enjoyed in the joint operation from that of the voting rights: None.					
Basis for classification as a joint operation if the joint operation is a separate entity: None.					
Other description: None					

5. Equity in structured entities not included in the scope of consolidated financial statements

Explanation of structured entities not included in the scope of consolidated financial statements:

None.

6. Others

None.

Section X. Risks Associated with Financial Instruments

The Company's main financial instruments include monetary funds, transactional financial assets, accounts

receivable, other receivables, debt investments, other equity investment, and other non-current financial assets, etc. The risks associated with these financial instruments and the risk management policies adopted by the Company to reduce these risks are described below. The Company's management manages and monitors these risk exposures to ensure that the risks are confined to a defined range.

Risk management objectives and policies: The Company's risk management is to strike an appropriate balance between risks and benefits, minimize the negative impact of risks on the Company's business performance and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of the Company's risk management is to determine and analyze various risks faced by the Company, establish an appropriate bottom line for risk tolerance, make risk management and timely and reliably supervise and confine various risks to a defined range.

The main risks caused by the Company's financial instruments are credit risk, liquidity risk and market risk..

1. Classification of financial instruments

1.1 Carrying value of various financial assets on the balance sheet date

(1) December 31, 2020

Item	Financial assets measured at amortized cost	Financial assets measured at fair value through profit or loss	Financial assets measure at fair value through other comprehensive income	Total
Monetary funds	5,950,395,089.12			<u>5,950,395,089.12</u>
Transactional financial assets		983,205,858.25		<u>983,205,858.25</u>
Accounts receivable	21,493,637.66			<u>21,493,637.66</u>
Other receivables	304,318,966.20			<u>304,318,966.20</u>
Non-current assets due within one year	1,985,873,462.75			<u>1,985,873,462.75</u>
Other current assets	41,832,345.30			<u>41,832,345.30</u>
Investment in other equity instruments			152,800,000.00	<u>152,800,000.00</u>
Other non-current financial assets		208,450,315.01		<u>208,450,315.01</u>

(2) December 31, 2019

Item	Financial assets measured at amortized cost	Financial assets measured at fair value through profit or loss	Financial assets measure at fair value through other comprehensive income	Total
Monetary funds	2,724,335,001.58			<u>2,724,335,001.58</u>

Transactional financial assets	1,754,396,227.54	<u>1,754,396,227.54</u>
Accounts receivable	2,721,638.09	<u>2,721,638.09</u>
Other receivables	255,013,296.96	<u>255,013,296.96</u>
Debt investments	1,923,598,909.09	<u>1,923,598,909.09</u>
Investment in other equity instruments	162,800,000.00	<u>162,800,000.00</u>
Other non-current financial assets	138,166,559.96	<u>138,166,559.96</u>

1.2 Carrying value of various financial assets on the balance sheet date

(1) December 31, 2020

Item	Financial liabilities at fair value through profit or loss	Other liabilities	Total
Short-term borrowings		3,976,019,329.22	<u>3,976,019,329.22</u>
Accounts payable		211,824,402.86	<u>211,824,402.86</u>
Other payable		9,479,383.03	<u>9,479,383.03</u>

(2) December 31, 2019

Item	Financial liabilities at fair value through profit or loss	Other liabilities	Total
Short-term borrowings		2,867,000,000.00	<u>2,867,000,000.00</u>
Accounts payable		236,481,990.86	<u>236,481,990.86</u>
Other payable		88,693,411.98	<u>88,693,411.98</u>

2. Credit risk

The financial assets of the Company include monetary funds, transactional financial assets, accounts receivable, other receivables, etc. The credit risk of these financial assets is caused by the default of the counterparty. The maximum risk exposure is equal to the book amount of these instruments, including:

The Company's working capital is deposited in banks with high credit rating, so the credit risk of working capital is low.

The biggest credit risk to the Company is the book value of accounts receivable and other receivables in the consolidated balance sheet. The Company continuously monitors the balance of accounts receivable and other receivables to ensure that the overall credit risk of the company is under control. The quantitative data of the Company's credit risk exposure arising from accounts receivable and other receivables can be found in Note VII

(5) “Accounts receivable “ and Note VII (8) “Other receivables”.

3. Liquidity risk

The Company adopts the revolving liquidity plan tool to manage the risk of capital shortage. The facility considers both the maturity date of its financial instruments and the expected cash flow generated by the company’s operations.

The goal of the Company is to maintain the balance between the sustainability and flexibility of financing through a variety of financing instruments, including bank loans and other interest-bearing loans.

When managing liquidity risks, the Company shall maintain sufficient cash and cash equivalents as deemed by the management and monitor them to meet the Company’s operational needs and reduce the impact of cash flow fluctuations. The managements monitor the use of bank loans and ensure compliance with loan agreements.

Maturity analysis of financial liabilities based on undiscounted contract cash flow:

Item	December 31, 2020			<u>Total</u>
	Within 1 year	1-5 years	Over 5 years	
Short-term loan	3,976,019,329.22			<u>3,976,019,329.22</u>
Accounts payable	211,824,402.86			<u>211,824,402.86</u>
Other payable	9,479,383.03			<u>9,479,383.03</u>

Continued table:

Item	December 31, 2020			<u>Total</u>
	Within 1 year	1-5 years	Over 5 years	
Short-term loan	2,867,000,000.00			<u>2,867,000,000.00</u>
Accounts payable	236,481,990.86			<u>236,481,990.86</u>
Other payable	88,693,411.98			<u>88,693,411.98</u>

4. Market risk

Market risk refers to the risk that the fair value of financial instruments or future cash flow fluctuates due to changes in market prices, including interest rate risk and foreign currency risk.

4.1. Interest rate risk

None

4.2. Currency risk

None

Section XI. Fair Value Disclosure

1. The ending fair value of assets and liabilities measured at fair value

Unit: RMB

Item	Fair value at the end of the period			
	Level 1	Level 2	Level 3	Total
I. Continuous fair value measurement	--	--	--	--
1. Transactional financial asset		1,153,606,173.26	38,050,000.00	1,191,656,173.26
(1) Financial asset at fair value through profit or loss		1,153,606,173.26	38,050,000.00	1,191,656,173.26
① Debt instruments		1,153,606,173.26	38,050,000.00	1,191,656,173.26
3. Other equity instruments			152,800,000.00	152,800,000.00
Total assets measured continuously at fair value		1,153,606,173.26	190,850,000.00	1,344,456,173.26
II. Non-continuous fair value measurement	--	--	--	--

2. The basis for determining the market price of continuous and non-continuous first-level fair value measurement projects

None.

3. Qualitative and quantitative information on the valuation techniques used and important parameters for continuous and non-continuous second-level fair value measurement projects

The Company's sustainable second-level fair value measurement items are mainly financial products, The fair value is determined by the discounted cash flow method and the expected rate of return.

4. Qualitative and quantitative information on the valuation techniques used and important parameters for continuous and non-continuous third-level fair value measurement projects

The Company's sustainable third-level fair value measurement items are mainly non-tradable equity instrument investment and debt instrument investment. The fair value is determined by market method and liquidity discount.

5. Continuous third-level fair value measurement project, adjustment information between the opening and closing book value and sensitivity analysis of unobservable parameters

None.

6. Continuous fair value measurement items, if conversions between various levels occurred during the current period, the reasons for the conversions and the policies for determining the timing of the conversion point.

None.

7. Changes in valuation techniques that occurred during the period and the reasons for the changes

None.

8. The fair value of financial assets and financial liabilities not measured at fair value

None.

9. Others

None.

Section XII. Related Party Relationships and Transactions

1. Parent company of the Company

Name of the Parent Company	Place of registration	Nature of business	Registered capital	The parent company's shareholding ratio in the Company	Percentage of voting rights of the parent company to the Company

Explanation of the parent company

The Company is ultimately controlled by Li Yongxin and Lu Zhongfang.

Other explanation:

The Company is ultimately controlled by Li Yongxin and Lu Zhongfang. As of December 31, 2020, the combined shareholding of Li Yongxin and Lu Zhongfang accounted for 61.01% of the Company's share capital.

2. Subsidiaries of the Company

The details of the subsidiaries of the company are detailed in Note IX (1) "Interest in subsidiaries".

3. Joint ventures and associates of the Company

The important joint ventures or associates of the Company are detailed in the notes.

The information of other joint ventures or associates that have related party transactions with the Company in the current period or that have related party transactions with the Company in the previous period to form a balance is as follows:

Name of joint ventures or associates	Relationship with the Company

Other explanation:

None

4. Other related parties of the Company

Other related party names	Relationship between other related parties and the Company
Li Yongxin	The controlling shareholder
Beijing Qianqiu Intelligence Book & Media Co., Ltd.	Actual controller

Beijing Haidian Offcn Training School	Actual controller
Jinan Offcn Training School	Actual controller
Kunming Wuhua Offcn Training School	Actual controller
Baoding Lianchi Offcn Training School	Actual controller
Beijing Haidian Baoquan Financial Training Centre	Actual controller
Cangzhou Yunhe Offcn Training School	Actual controller
Chengdu Wuhou Offcn Training School	Actual controller
Cifeng Hongshan Offcn Training Centre	Actual controller
Dezhou Offcn Training School	Actual controller
Haikou Meilan Offcn Training School	Actual controller
Handan Congtai Offcn Training School	Actual controller
Hegang Offcn Training School	Actual controller
Heihe Aihui Offcn Training School	Actual controller
Kiamusze Offcn Training School	Actual controller
Leshan Shizhong Offcn Training School	Actual controller
Mudanjiang Offcn Training School	Actual controller
Qiqihar Tiefeng Offcn Training School	Actual controller
Shaoyang Shuangqing Offcn Training School	Actual controller
Tangshan Lunan Offcn Training School	Actual controller
Weifang Offcn Training School	Actual controller
Urumqi Shayibake Offcn Training School	Actual controller
Yiyang Heshan Offcn Training School	Actual controller
Shenyang Lijing Pearl Hotel Management Co., Ltd.	A company controlled by our executives and core employees
Beijing Taifu Hotel Management Co., Ltd.	A company controlled by our executives and core employees
Beijing Xingshou Fuyuan Plantation	The company controlled by the company's controlling shareholder and actual controller Li Yongxin's spouse Xu Hua
Wang Zhendong	The company's director/ senior manager/ shareholder who directly hold more than 5% (including 5%) of the Company's shares
Shi Lei	Director of the company
Yi Ziting	Director of the company
Wang Qiang	Independent director of the company
Tong Yan	Independent director of the company
Zhang Xuanming	Independent director of the company
Yu Hongwei	Supervisor of the Company

Li Wen	Supervisor of the Company
He Di	Supervisor of the Company
Wang Xuejun	Senior management of the Company
He Youli	Senior management of the Company
Zhang Yongsheng	Former senior management of the Company
Gui Hongzhi	Senior management of the Company
Luo Xue	Senior management of the Company
Li Lin	The company's core technical staff
Liu Yan	The company's core technical staff
Zhang Hongjun	The company's core technical staff

Other statements:

None

5. Related-party transaction

(1) Related transactions for purchase and sale of goods, provision and receipt of labor services

Table of the procurement of goods/ acceptance of labor services

Unit: RMB

Related parties	Content of related party transaction	Amount for the current period	Transaction amount granted	Whether it exceeds the transaction limit (Y/N)	Amount for the previous period
Beijing Taifu Hotel Management Co., Ltd.	Accommodation and catering services	20,569,200.00	40,000,000.00	N	23,189,480.00
Beijing Haidian Offcn Training School	Joint school running	1,032,000.00	1,050,000.00	N	73,786.40
Urumqi Shayibake Offcn Training School	Joint school running	504,000.00	580,000.00	N	58,252.43
Chengdu Wuhou Offcn Training School	Joint school running	236,000.00	260,000.00	N	48,543.69
Leshan Shizhong Offcn Training School	Joint school running	165,000.00	170,000.00	N	44,660.20
Shaoyang Shuangqing Offcn Training School	Joint school running	124,600.00	150,000.00	N	97,087.36
Qiqihar Tiefeng Offcn Training School	Joint school running	121,800.00	150,000.00	N	75,728.16
Tangshan Lunan Offcn Training School	Joint school running	115,000.00	150,000.00	N	514,563.11

Cangzhou Yunhe Offcn Training School	Joint school running	105,000.00	150,000.00	N	222,592.25
Handan Congtai Offcn Training School	Joint school running	100,000.00	150,000.00	N	48,543.69
Yiyang Heshan Offcn Training School	Joint school running	96,000.00	100,000.00	N	73,786.40
Baoding Lianchi Offcn Training School	Joint school running	90,000.00	100,000.00	N	
Heihe Aihui Offcn Training School	Joint school running	84,998.00	100,000.00	N	53,398.06
Weifang Offcn Training School	Joint school running	71,100.00	80,000.00	N	456,310.67
Mudanjiang Offcn Training School	Joint school running	62,800.00	80,000.00	N	126,213.59
Jiamusi Offcn Training School	Joint school running	60,500.00	80,000.00	N	218,446.62
Beijing Haidian Baoquan Financial Training Centre	Joint school running	60,000.00	70,000.00		150,485.44
Chifeng Hongshan Offcn Training School	Joint school running	47,000.00	60,000.00	N	473,378.94
Dezhou Offcn Training School	Joint school running	11,718.00	20,000.00	N	77,669.91
Haikou Meilan Offcn Training School	Joint school running				82,524.29
Hegang Offcn Training School	Joint school running				62,135.92

Table of sales of goods/ provision of services

Unit: RMB

Related parties	Content of related party transaction	Amount for the current period	Amount for the previous period
Beijing Qianqiu Intelligence Book & Media Co., Ltd.	Exhibition services	2,871,698.11	2,499,999.93

Statements for the procurement and sales of goods and rendering and receiving service:

None.

(2) Related fiduciary management / contracting and entrusted management / outsourcing

The company's entrusted management / contracting situation table:

Unit: RMB

Trustee / Outsourcer Name	Trustee / Contractor Name	Type	Entrustment / contracting start date	Entrustment / Contract Termination Date	Custody income / contracting income pricing basis	Annually recognized custody income / contracting income
Li Yongxin	Offcn Ltd.	33 private schools	November 19, 2018		All reasonable returns on the entrusted assets	226,415.09
Total						226,415.09

Explanations for related entrustment and contracting:

None.

The Company's entrusted management and outsourcing table

Unit: RMB

Trustee / Outsourcer Name	Trustee / Contractor Name	Type	Entrustment / outsourcing start date	Entrustment / outsourcing Termination Date	Custody income / outsourcing income pricing basis	Annually recognized custody income / outsourcing income
---------------------------	---------------------------	------	--------------------------------------	--	---	---

Statements for related management and outsourcing

None.

(3) Related lease

The Company as the lessor:

Unit: RMB

Name of lessee	Category	Rental income recognized for the current period	Rental income recognized for the previous period
----------------	----------	---	--

The Company as the lessee:

Unit: RMB

Name of lessor	Category	Rental fee recognized in the current period	Rental fee recognized in the previous period
Shenyang Lijing Pearl Hotel Management Co., Ltd.	Operating lease	18,175,675.00	23,836,000.00
Beijing Xingshou Fuyuan Plantation	Operating lease		500,000.00
Total		18,175,675.00	24,336,000.00

Statements of related lease

None.

(4) Related party guarantees

The Company act as the guarantor

Unit: RMB

Guaranteed party	Guarantee amount	Guarantee start date	Guarantee expiration date	Whether the guarantee has been fulfilled

The Company act as the guaranteed party

Unit: RMB

Guarantor	Guarantee amount	Guarantee start date	Guarantee expiration date	Whether the guarantee has been fulfilled
Li Yongxin	360,000,000.00	January 9, 2019	January 9, 2020	Yes

Explanations of related guarantees:

On January 9, 2019, Offcn Ltd. signed a loan contract of RMB360,000,000.00 with Beijing Sidaokou Sub-branch of Huaxia Bank Co., Ltd., with the contract number YYB7610120180014, and the loan period was from January 9, 2019 to January 9, 2020. The loan was settled on January 9, 2020.

(5) Borrowing of funds from related parties

Unit: RMB

Related party	Amount	Start date	Expiration date	Description
Borrowing				
Lending				

(6) Related party assets transfer and debt restructuring

Unit: RMB

Related party	related-party transaction content	Amount for the current period	Amount for the prior period

(7) Remuneration for key management personnel

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Remuneration for key management personnel	14,922,629.18	15,130,286.14

(8) Other related transactions

None.

6. Related party Receivables and payable

(1) Accounts receivables

Unit: RMB

Item	Related party	Closing balance		Opening balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Other receivables	Shenyang Lijing Pearl Hotel Management Co., Ltd.	5,675,200.00		5,675,200.00	
Total		5,675,200.00		5,675,200.00	

(2) Accounts Payable

Unit: RMB

Item	Related party	Closing Carrying amount	Opening Carrying amount
------	---------------	-------------------------	-------------------------

7. Related party commitments

For details of the commitments of related parties, please refer to Note XIV (1) "Important commitments".

无

8. Others

None.

Section XIII. Share-based payment

1. Overview of share-based payment

 Applicable Not applicable

Unit: RMB

Total equity instruments granted by the Company in the current period	269,000,000.00
Total equity instruments exercised by the Company in the current period	0.00
Total equity instruments invalidated by the Company in the current period	0.00

Other statements

On May 22, 2015, Beijing Offcn Ltd. held a shareholders' meeting and agreed that Lu Zhongfang, the actual controller of Beijing Offcn Ltd., would transfer RMB 700,000.00 of capital contribution to the shareholder, Wang Zhendong (general manager and legal representative of Beijing Offcn Ltd.) at the price of RMB 700,000.00. Shareholders Liu Bin, Zhang Yongsheng and Guo Shihong respectively transferred RMB 100,000.00 of capital contribution held by them to the shareholder Wang Zhendong at the price of RMB 100,000.00.

On August 11, 2015, according to the Company's shareholders' committee resolution, the Company registered capital was increased from RMB 10,000,000.00 to RMB 11,111,111.11, and the newly-added registered capital of RMB 1,111,111.11 shall be contributed by Beijing Aerospace Industry Investment Fund (limited partnership), Beijing Guangyin Venture Capital Investment Center (limited partnership) and Beijing Jirui Technology Innovation Investment Center (limited partnership) in a totally RMB 300,000,000.00, with the corresponding consideration at RMB 270 per share.

From May to August 2015, the Company's business model and business did not change significantly, so the investment price of RMB 270 per share of Beijing aerospace industry investment fund (limited partnership), Beijing Guangyin Venture Capital Investment Center (limited partnership) and Beijing Jirui Technology Innovation Investment Center (limited partnership) can be regarded as the fair value of the market.

According to the relevant provisions of the accounting standards for enterprises, the administrative expenses at RMB 26,900,000.00, RMB 53,800,000.00, RMB 53,800,000.00, RMB 53,800,000.00, RMB 53,800,000.00 and RMB 26,900,000.00 are respectively recognized according to the limitation years of equity incentive of 2015, 2016, 2017, 2018, 2019 and 2020. The administrative expenses of RMB 269,000,000.00 are accumulatively recognized and the capital reserve of RMB 269,000,000.00 are increased correspondingly.

2. Equity-settled share payments

Applicable Not applicable

Unit: RMB

Determination of the fair value of equity instruments on the grant date	Based on the latest issue of new shares, it is determined to be RMB 270 per share.
Basis for determining the number of vested equity instruments	Estimate the number of restricted stocks that can be unlocked based on the turnover rate
Reasons for significant differences between the current period's estimates and the previous period's estimates	None
Accumulated amount of equity-settled share-based payments included in capital reserve	269,000,000.00
Total expenses recognized for equity-settled share-based payments in the current period	26,900,000.00

Other statement

Equity-settled share-based payments: The grant date of the equity incentive plan was after the shareholders' meeting reviewed and approved the incentive plan (May 22, 2015), the incentive contract transfer shares to Wang

Zhendong, and public limited completes the industrial and commercial registration of change in the date (23 July 2015), which is the finished awarded equity grant. The equity incentive requires Wang Zhendong to commit to working in the company for a continuous period of five years from the date of the grant. If WangZhendong transfers his limited share in Offcn Ltd Limited within five years, it shall be transferred to Lu zhongfang and the person designated by Lu Zhongfang. The price of Wang Zhendong's resignation or transfer of his limited shares in Offcn Ltd Limited during the above period shall be based on the original cost of Wang Zhendong's acquisition of the limited shares in Offcn Ltd Limited, plus the interest rate of 6% per year, excluding all dividends accumulated over the years (calculated as the amount excluding tax). Prior to the release of the restriction, Wang Zhendong shall not have the right to vote or dispose of the company's shares indirectly held by him (including the right to mortgage, pledge and transfer). If its voting right is irrevocable, it shall entrust Offcn Ltd Limited to exercise it; The part of the dividend in its income shall be paid by Offcn Ltd Limited to Wang Zhendong at the appropriate time.

After the major asset restructuring of the Company, all shareholders of Offcn Ltd. became shareholders of the Company, and Wang Zhendong also became the shareholder of the Company. Therefore, Wang Zhendong, Lu Zhongfang and Offcn Ltd. Signed the supplementary agreement after completion of the reorganization, agreeing that after the completion of the transaction Wang Zhendong would become a shareholder of the Company. In the next five years starting from June 1, 2015, Wang Zhendong should continue to serve the Offcn Ltd., and should not resign, nor transfer any shares of the Company to other parties. If Wang Zhendong resigns from the Company during that period, he shall pay a total of RMB 269 million as the price difference arising from equity transfer to Lu Zhongfang, Liu Bin, Zhang Yongsheng and Guo Shihong. As of December 31, 2020, the share payment has been exercised.

3. Share-based payment through cash settlements

Applicable Not applicable

4. Modification and termination of share-based payment

None

5. Others

None

Section XIV. Commitments and contingencies

1. Important commitments

Important commitments on balance sheet date

According to the company and 8 natural person shareholders (Lu Zhongfang, Lo Yongxin , Wang Zhendong, Guo Shihong, Liu Bin, Zhang Yongsheng, Yang Shaofeng, Zhang Zhian) on 4 May 2018, *Profit Forecast and Compensation Agreement*, signed compensation obligor confirmed and promised after the completion of execution of the material assets reorganization, the Offcn Ltd Limited 2018, 2019 and 2020 annual consolidated scope after deducting non-recurring gains and losses of the number of net profit attributable to parent company owners were not less than RMB 930 million, RMB 1.3 billion, and RMB 1.65 billion. If confirmed by the certified

public accountants audit, Offcn Ltd within the three fiscal years as of the actual net profit of the final cumulative number of the current period failed to achieve compensation by the current final cumulative commitment net profit for the taxpayer's commitment, should by the obligor to compensation according to the transaction before the holding of Offcn Ltd Limited number of shares of all compensation obligor in this transaction before the Percentage of total shares held in Offcn Ltd Limited obligation of compensation. All the compensation agents shall have the priority to compensate by shares. When the total amount of the compensation for shares reaches 90.00% of the total number of shares issued by the purchase assets of the issued shares, all the compensation agents shall compensate by cash.

2. Contingencies

(1) Important contingencies on balance sheet date

None

(2) Whether the Company has important contingencies that need to be disclosed, and the explanations are needed:

The Company has no important contingencies that need to be disclosed.

3. Others

None.

Section XV. Events after balance sheet date

1. Significant non-adjusting events

Unit: RMB

Item	Content	Impacts on the financial status and operating results	Cause of failure in measuring impacts

2. Profit distribution

Unit: RMB

Profits or dividends to be distributed	
Profits or dividends declared after deliberation and approval	

3. Sales return

None

4. Other events after balance sheet date

None

Section XVI. Other significant events

1. Corrections of accounting errors of previous period

(1) Retrospective restatement

Unit: RMB

Corrections of accounting	Processing	statements item of the affected	Accumulated

errors	procedures	comparison period	impact
--------	------------	-------------------	--------

(2) Prospective application

Corrections of accounting errors	Approval procedure	Reasons for adopting prospective application
----------------------------------	--------------------	--

2. Debt restructuring

None

3. Assets exchange

(1) Non-monetary asset exchange

None

(2) Other assets exchange

None

4. Annuity plan

None

5. Discontinued operations

Unit: RMB

Item	Revenue	Expense	Total profit	Income tax expenses	Net profit	Profit of discontinued operations attributable to the owner of the parent company
------	---------	---------	--------------	---------------------	------------	---

Other statements

None

6. Segment information

(1) Determination basis and accounting policies of reportable segment

The Company's main production and operation activities are decided by the Company, which is mainly engaged in education training business. Therefore, the Company is managed as an operating segment. For accounting policies, please refer to Note V of this report — The Company's Significant Accounting Policies and Accounting Estimates.

(2) Financial information of the reportable segment

Unit: RMB

Item	Inter-segment offset	Total
------	----------------------	-------

(3) If the Company has no reporting segment, or cannot disclose the total assets and liabilities of each segment, the reasons shall be clarified.

None

(4) Other statements

① Revenue from external transactions for each product and service or each similar product and service.

Item	Amount for the current period	Amount for the prior period
Main business	11,138,901,718.71	9,119,325,741.43
Including: Education and training	11,138,901,718.71	9,119,325,741.43

Other business	63, 592, 576. 33	56, 804, 254. 46
<u>Total</u>	<u>11, 202, 494, 295. 04</u>	<u>9, 176, 129, 995. 89</u>

② The total amount of foreign transaction income obtained by the enterprise from its own country and from other countries or regions.

Area Name	Amount for the current period	Amount for the prior period
Domestic area	11, 202, 494, 295. 04	9, 176, 129, 995. 89
<u>Total</u>	<u>11, 202, 494, 295. 04</u>	<u>9, 176, 129, 995. 89</u>

③ The extent of dependent on its major customers.

The Company's customers are relatively scattered, consisting of a large number of customers, and there is no dependence on major customers.

7. Other important transactions and events having impacts on decisions of investors

None

8. Others

None

Section XVII. Notes Of Main Items in the Financial Statements of the Parent Company

1. Accounts receivables

(1) Classified disclosure of receivables

Unit: RMB

Item	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Percentage	Amount	Percentage of provision		Amount	Percentage	Amount	Percentage of provision	
Including										
Accounts receivable for which bad debt provision has been assessed by credit	15,570,863.56	100.00%	778,543.18	5.00%	14,792,320.38					

risk portfolios										
Including										
Combination 3	15,570,863.56	100.00%	778,543.18	5.00%	14,792,320.38					
Total	15,570,863.56	100.00%	778,543.18		14,792,320.38					

Bad debts provision on a single item basis:

Unit: RMB

Item	Closing balance			
	Book balance	Bad debt provision	Percentage of provision	Reasons

Bad debt provision assessed by credit risk portfolios: 778,543.18

Unit: RMB

Item	Closing balance		
	Book balance	Bad debt provision	Percentage of provision
Combination 3	15,570,863.56	778,543.18	5.00%
Total	15,570,863.56	778,543.18	--

Explanations for the determining basis of the portfolios:

Bad debt provision assessed by credit risk portfolios:

Unit: RMB

Item	Closing balance		
	Book balance	Bad debt provision	Percentage of provision

Explanations of the basis for determining the portfolios

If the bad debt provision of accounts receivable is based on the general model of expected credit loss, please refer to the disclosure methods of other receivables to disclose the relevant information of bad debt provision:

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Closing balance
Within 1 year (inclusive)	15,570,863.56
Less: provision for credit impairment	778,543.18
Total	<u>14,792,320.38</u>

(2) Provision, recovery or reversal of bad debts in current period

Provision of bad debts in current period:

Unit: RMB

Item	Opening balance	Changes in the current period				Closing balance
		Provision	Recovery or reversal	Written-off	Others	
Provision for bad debts of accounts receivable		778,543.18				778,543.18
Total		778,543.18				778,543.18

Significant amount of provision, recovery or reversal of bad debts in current period:

Unit: RMB

Name of institutions	Amount of recovery or reversal	Recovery method

(3) Receivables written-off in current period

Unit: RMB

Item	Written-off amount

Important receivables written-off:

Unit: RMB

Creditor	Nature	Written-off amount	Reasons for written-off	Implemented written-off procedure	Whether generated from related transactions

Statement of receivables written-off:

None

(4) Accounts receivables of the top five debtors based on the ending balance

Unit: RMB

Creditor	Closing balance receivables	Percentage in total closing balance receivables	Closing balance of bad debt provision
Yaxia Industrial	15,570,863.56	100.00%	778,543.18
Total	15,570,863.56	100.00%	

(5) Receivables derecognized due to the transfer of financial assets
(6) Assets or liabilities arising from transferring receivables and continuing to be involved

None

Other statements:

None

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Dividends receivables		1,700,000,000.00
Other receivables	621,900,443.29	17,949,520.99
Total	621,900,443.29	1,717,949,520.99

(1) Interest receivables

1) Classification of interest receivables

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

2) Important overdue interest

Borrower	Closing balance	Time	Reason	Whether impairment occurs and the judgment basis
----------	-----------------	------	--------	--

Other statements:

None

3) Bad debt provision

Applicable Not applicable

(2) Dividends receivables

1) Classification of dividends receivables

Unit: RMB

Project (or investee)	Closing balance	Opening balance
Offcn Ltd.		1,700,000,000.00
Total		1,700,000,000.00

2) Important dividend receivable over 1 year

Unit: RMB

Project (or investee)	Closing balance	Aging	Reason of recovery failure	Whether impairment occurs and the judgment basis
-----------------------	-----------------	-------	----------------------------	--

3) Bad debt provision

Applicable Not applicable

Other statements:

None

(3) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Nature of payment	Closing balance	Opening balance
Current payment	621,894,843.29	17,943,920.99
Deposits and guarantees	5,600.00	5,600.00
Total	621,900,443.29	17,949,520.99

3) Bad debt provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (no credit impairment)	Expected credit loss in the whole duration (credit impairment has occurred)	
Balance at January 1, 2020	---	---	---	---

Changes in the Carrying amount with significant changes in the loss provision for the current period

 Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Closing balance
Within 1 year (inclusive)	603,950,922.30
1 to 2 years	17,949,520.99
Less: provision for credit impairment	
Total	<u>621,900,443.29</u>

3) Provision, recovery or reversal of bad debt in current period

Bad debt provision in current period:

Unit: RMB

Item	Opening balance	Changes in the current period				Closing balance
		Provision	Recovery or reversal	Written-off	Others	
None						

None

Important recovery or reversal of bad debt provision in current period:

Unit: RMB

Creditor	Amount of recovery or reversal	Recovery method

None

4) Other receivables written off in current period

Unit: RMB

Item	Written-off amount
------	--------------------

Important other receivables written-off:

Unit: RMB

Creditor	Nature of other receivables	Written-off amount	Reason for Written-off	Implemented written-off procedure	Whether generated from related transactions
----------	-----------------------------	--------------------	------------------------	-----------------------------------	---

Statements of other receivables written-off:

None

5) Other receivables of top five closing balance collected by debtors

Unit: RMB

Creditor	Nature of payment	Closing balance	Aging	Percentage of total other receivables (%)	Bad debt provision
Offcn Ltd.	Current account	602,959,000.00	Within 1 year	96.95%	
Yaxia Automobile Bozhou Driver Training School	Current account	10,112,883.52	1-2 years	1.63%	
Yaxia Automobile Wuhu Yawei Services Co., Ltd.	Current account	3,440,252.77	1-2 years	0.55%	
Yaxia Automobile Suzhou Bokai Services Co., Ltd.	Current account	3,144,479.02	1-2 years	0.51%	
Yaxia Automobile Huangshan Fudi Services Co., Ltd.	Current account	1,947,595.41	1-2 years	0.31%	
Total	--	621,604,210.72	--	99.95%	

6) Receivables related to government subsidies

Unit: RMB

Name of institutions	Government subsidies	Closing balance	Closing aging	Time, amount and basis of expected collection
----------------------	----------------------	-----------------	---------------	---

None

7) Other receivables derecognized due to the transfer of financial assets

None

8) Assets and liabilities arising from transferring other receivables and continuing to be involved

None

Other statements:

None

3. Long-term equity investment

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Investment in subsidiaries	18,582,307,907.14		18,582,307,907.14	18,582,307,907.14		18,582,307,907.14
Total	18,582,307,907.14		18,582,307,907.14	18,582,307,907.14		18,582,307,907.14

(1) Investment in subsidiaries

Unit: RMB

Investee	Opening balance (Book value)	Increase and decrease in current period				Closing balance (Book value)	Closing balance of provision for impairment
		Additional investment	Investment reduction	Provision for impairment	Others		
Offcn Ltd.	18,500,000,000.00					18,500,000,000.00	
Yaxia Automobile Wufu Yawei Services Co., Ltd.	23,000,000.00					23,000,000.00	
Yaxia Automobile Ningguo Driver Training School	17,474,782.14					17,474,782.14	
Yaxia Automobile Huangshan Fudi	5,000,000.00					5,000,000.00	

Services Co., Ltd.							
Yaxia Automobile Chaohu Kaixuan Services Co., Ltd	5,000,000.00					5,000,000.00	
Yaxia Automobile Bozhou Driver Training School Co., Ltd.	20,000,000.00					20,000,000.00	
Yaxia Automobile Suzhou Bokai Services Co., Ltd.	11,833,125.00					11,833,125.00	
Total	18,582,307,907.14					18,582,307,907.14	

(2) Investment in associated enterprises and joint ventures

Unit: RMB

Investor	Opening balance (Book value)	Increase and decrease in current period							Closing balance (Book value)	Closing balance of provision for impairment
		Additional investment	Investment reduction	Investment gains and losses recognized under the equity method	Other Comprehensive income adjustment	Other Equity changes	Declared cash dividends or profits	Provision for impairment		
1. Joint ventures										
2. Associated enterprises										

(3) Other statements

None

4. Revenue and cost of revenue

Unit: RMB

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost of revenue	Revenue	Cost of revenue
Other businesses	14,829,393.86	11,336,628.27	14,647,786.07	11,332,163.09
Total	14,829,393.86	11,336,628.27	14,647,786.07	11,332,163.09

Income related information:

Unit: RMB

Contract Classification	Segment 1	Segment 2		Total
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				

Obligation performance related information:

None

Information related to the transaction price allocated to the remaining performance obligations:

The income from the unfulfilled or uncompleted obligation with signed contracts at the end of the reporting period: RMB0.00 .

Other statements

None

5. Investment income

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Income from long-term equity investments under cost method		1,700,000,000.00
Dividend income from holding other equity instrument investments	249,600.00	
Financing income		30,534.61
Total	249,600.00	1,700,030,534.61

6. Others

None

Section XVIII. Supplementary information

1. Details of current non-recurring gains and losses during the reporting period

√ Applicable □ Not applicable

Unit: RMB

Item	Amount	Statement
Profits and losses from the disposal of non-current assets	162,043.59	
Government subsidies included in the current profit and loss (except the government subsidies closely related to the business of the enterprise, and fixed or quantified in accordance with national unified standards)	20,128,697.09	
Capital occupation fees charged to non-financial enterprises included in the current profit and loss	13,192,187.13	
Profit or loss from entrusting others to invest or manage assets	180,223,310.57	
In addition to the effective hedging business related to the Company's normal business operations, gains and losses from the changes in the fair value of the holding of transactional financial assets, derivative financial assets, transactional financial liabilities, and derivative financial liabilities, and the investment income from the disposal of transactional financial assets, derivative financial assets, transactional financial liabilities, derivative financial liabilities and other debt investments	20,984,385.76	
Custody fee income from entrusted operations	226,415.09	
Non-operating income and expenses other than the above	-629,138.85	
Other profit and loss items in line with the definition of non-recurring profit and loss	280,283,117.41	
Less: Amount impacted by income tax	76,183,536.19	
equity attributable to minority	1,319,218.71	

shareholders		
Total	437,068,262.89	--

Provide statements for classifying non-recurring profit and loss items defined or listed in *the Explanatory Announcement No. 1 for Information Disclosures of the Company Issuing Securities Publicly — Non-recurring Profits and Losses*, and for classifying non-recurring profit and loss items listed in *the Explanatory Announcement No. 1 for Information Disclosures of the Company Issuing Securities Publicly — Non-recurring Profits and Losses* as recurring profit and loss items.

Applicable Not applicable

2. Return on net assets and earnings per share

Profit in the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to ordinary shareholders of the Company	66.15%	0.37	0.37
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	53.61%	0.30	0.30

3. Differences in accounting data under Domestic and Overseas Accounting Standards

(1) Differences in net profit and net assets in financial reports disclosed in accordance with both international accounting standards and Chinese accounting standards

Applicable Not applicable

(2) Differences in the financial report of net profits and net assets disclosed by Overseas Accounting Standards and China Accounting Standards

Applicable Not applicable

(3) Explanation of the differences in accounting data under domestic and overseas accounting standards. Names of overseas institutions shall be indicated if difference adjustments of data from overseas audit institutions are conducted

None

4. Others

None

Chapter XIII. Documents Available for Reference

- I. The full text of 2020 Annual Report signed by Wang Zhendong, the Company's legal representative.
- II. The financial statement signed and sealed by the legal representative of the Company, the person in charge of accounting work and the person in charge of accounting department (accounting supervisor).
- III. The original audit report with the seal of the accounting firm and the signature and seal of the certified public accountant.
- IV. The original copies of all the documents of the Company which have been disclosed in newspapers designated by the China Securities Regulatory Commission during the reporting period.
- V. The place where the above-mentioned documents are maintained: the office of the Company's Secretary of the Board of Directors.