



OFFCN EDUCATION TECHNOLOGY CO., LTD.

2022 Annual Report

Stock Code: 002607

Stock Abbr.: OFFCN EDU

April, 2023

Chapter 1 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. Investors are advised to invest rationally and pay attention to the potential investment risks.

The possible risks and countermeasures have been detailed in Section XI *Forecast of the Company's future development* of Chapter 3 *Management Discussion and Analysis* of this report. Investors are advised to pay attention to the relevant contents.

On December 25, 2021, the Company was filed and investigated by China Securities Regulatory Commission (CSRC) on suspicion of failing to disclose related party transaction information and violating the laws and regulations of information disclosure. On April 27, 2022, the Company and the relevant parties received the official *Decision of Administrative Penalty*. The Anhui Securities Regulatory Bureau of the CSRC decided to give a warning to and impose a fine on the Company and the relevant parties, and order the Company and the relevant parties to rectify the situation. Specific information is stated in the announcement (No. 2022-032) disclosed on CNINFO (www.cninfo.com.cn) and other designated media.

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

The English version of this report is provided together with the Chinese version. Should there be any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

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Documents Available for Reference

- I. 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).
- II. The original copy of the audit report signed and sealed by the auditors and sealed by the accounting firm.
- III. The full text of 2022 Annual Report signed by Wang Zhendong, the Company's legal representative.
- 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.

Definitions

Term(s)	Definition
The listed Company, The Company, Offcn Edu	Offcn Education Technology Co., Ltd.
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
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)
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.
Yaxia Industrial	Anhui Yaxia Industrial Co., Ltd.

Chapter 2 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		
Changed Registered Address of the Company (if any)	/		
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	010-83433688
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	Securities Times, Shanghai Securities News and China Securities Journal
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, Li Qiang

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

Applicable Not applicable

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

Applicable Not applicable

Section VI. Key Accounting Information and Financial Indicators

Does the Company need to adjust its financial data retrospectively or restate its accounting data of previous year?

Yes No

	Year 2022	Year 2021	Increase/Decrease over the previous year	Year 2020
Operating income (RMB yuan)	4,824,814,105.43	6,911,723,331.79	-30.19%	11,202,494,295.04
Net profit attributable to shareholders of the listed Company (RMB yuan)	-1,102,059,818.43	-2,369,509,039.00	53.49%	2,304,357,742.74
Net profit after deducting non-recurring profits and losses attributable to shareholders of the listed Company (RMB yuan)	-1,113,077,251.50	-2,485,630,452.04	55.22%	1,867,289,479.85

Net cash flow from operating activities (RMB yuan)	787,191,958.28	-4,097,961,548.90	119.21%	4,882,469,101.91
Basic earnings per share (RMB yuan/share)	-0.18	-0.38	52.63%	0.37
Diluted earnings per share (RMB yuan/share)	-0.18	-0.38	52.63%	0.37
Weighted average return on net assets	-82.59%	-76.88%	-5.71%	66.15%
	Year End 2022	Year End 2021	Increase/Decrease Over Previous Year End	Year End 2020
Total assets (RMB yuan)	8,027,414,353.26	10,305,183,525.70	-22.10%	14,418,850,027.27
Net assets attributable to shareholders of the listed Company (RMB yuan)	779,933,935.77	1,888,818,754.20	-58.71%	4,275,127,793.20

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 deduction of non-recurring profits and losses is negative

Yes No

Item	Year 2022	Year 2021	Note
Operating income (RMB yuan)	4,824,814,105.43	6,911,723,331.79	None
Deduction from operating income (RMB yuan)	22,965,218.28	51,440,960.49	In this reporting period, the deductions of operating income include: Deduction of hotel income RMB 17,852,200.26; Deduction of house leasing income RMB 1,602,191.15; Deduction of exhibition income RMB 2,647,169.74; Deduction of custody income RMB 28,301.89; Deduction of other income RMB 835,355.24.
Operating income after deduction (RMB yuan)	4,801,848,887.15	6,860,282,371.30	In this reporting period, the deduction of operating income includes: Deduction of hotel income RMB 17,852,200.26; Deduction of house leasing income RMB 1,602,191.15; Deduction of exhibition income RMB 2,647,169.74; Deduction of custody income RMB 28,301.89; Deduction of other income RMB 835,355.24.

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	1,212,740,311.93	1,013,964,650.18	1,667,177,321.53	930,931,821.79
Net profit attributable to shareholders of the listed Company	-463,824,594.93	-427,107,115.40	68,240,054.31	-279,368,162.41
Net profit after deducting non-recurring profits and losses attributable to shareholders of the listed Company	-469,727,159.08	-433,912,145.18	62,707,787.41	-272,145,734.65
Net cash flow from operating activities	598,889,061.73	434,093,349.59	556,656,455.57	-802,446,908.61

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

Yes No

Section IX. Non-Recurring Profits and Losses

Applicable Not applicable

Unit: RMB

Item	Year 2022	Year 2021	Year 2020	Note
Profits or losses on disposal of non-current assets (including offsetting amount for the provision of	-9,500,665.47	-136,455.49	162,043.59	

impairment of assets)				
Government grants included in current profit or loss (except those closely related to the Company's normal business operations, which are in accordance with national policies and continuously enjoyed in accordance with certain standards or quotas)	27,446,041.19	27,496,339.83	20,128,697.09	
Capital occupation fees charged to non-financial enterprises included in current profit and loss			13,192,187.13	
Profit or loss from entrusting others to invest or manage assets	8,152,962.12	56,955,660.58	180,223,310.57	
Except the effective hedging business related to the Company's normal business operations, profits or losses on changes in fair value arising from the possession of transactional financial assets and transactional financial liabilities; and the investment income from the disposal of transactional financial assets, transactional financial liabilities and financial assets available for sale	-6,026,850.74	-21,490,322.52	20,984,385.76	
Custody income from entrusted operations	28,301.89	226,415.10	226,415.09	
Other non-operating income and expenses except for the items above	-4,778,597.36	16,837,313.42	-629,138.85	
Other profit or loss items that meet the definition of non-recurring profits and losses		60,675,060.38	280,283,117.41	
Less: Impact on income tax	4,303,758.56	24,442,598.26	76,183,536.19	
Impact on minority shareholders' equity (after tax)			1,319,218.71	
Total	11,017,433.07	116,121,413.04	437,068,262.89	--

Details of other profit and loss items that meet the definition of non-recurring profits or losses.

Applicable Not applicable

There is no other profit and loss items that meet the definition of non-recurring profits or losses

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 profit or 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* as recurring profit or loss items in the reporting period.

Chapter 3 Management Discussion and Analysis

Section I. The industry situation of the Company during the reporting period

1. The industry is under short-term pressure, but the demand expansion remains unchanged..

In 2022, due to the complex and ever-changing domestic and international situations and multiple unexpected factors, the demand and supply of the recruitment and training industry have also been greatly affected. However, with the gradual recovery of the market economy at the end of the fourth quarter, industry demand has been boosted. Urbanization, equalization of public services, large-scale renewal of working personnel and other elements are major trends in economic and social development, which lead to a long-term growth in the number of civil servants recruitment and examinees. In the “14th Five-Year Plan” for Public Services, jointly issued by the National Development and Reform Commission and other related departments, the goal of continuously promoting the equalization of basic public services is clarified, and social forces are encouraged to focus on strengthening the supply of inclusive and standardized services in fields such as elderly care, childcare, education, and medical care. As a result, the market demand from a wide range of cities, counties, and even towns is further released, and the long-tail trend of the market will continue to strengthen.

2. The “14th Five-Year Plan” requires that the quality and capacity of education, medical care, elderly care and other services be greatly improved..

In terms of education, the “14th Five-Year Plan” requires to greatly improve education equality and quality; promote the popularization of higher education, create more than 60 million new jobs in cities and towns; build, renovate or expand 20,000 kindergartens to increase enrollments by over 4 million for ordinary families; and build, renovate or expand more than 4,000 primary and secondary schools. In terms of medical and health care, it requires to expand disease prevention and control bases, build national and regional medical centers, and strive to upgrade 500 county-level hospitals to meet the facilities and service capabilities of top-tier hospitals. In terms of elderly care service, 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 service, 150 cities will be supported to develop childcare service with social resource, and more than 500,000 exemplary inclusive childcare enrollments will be added. All of these investments mentioned above will strongly promote the sustainable growth of the recruitment sectors, especially the recruitment sectors of teachers, medical staff and community workers.

3. Policy support for vocational education is enhanced.

The year of 2022 is a crucial year for improving the quality and excellence of vocational education, as well as for tackling the challenges of reform. It is also a milestone year in the development of vocational education. This year, a series of favorable policies were introduced at the national level to promote the development of vocational education:

In May 2022, the newly revised *Vocational Education Law of the People's Republic of China* was officially implemented, marking the first major overhaul of the law since its promulgation and implementation in 1996. This law specifies the need to coordinate the development of vocational education and general education.

In September 2022, the Ministry of Education and Ministry of Human Resources and Social Security of the People's Republic of China officially released the new version of the *Introduction to the Majors of Vocational Education and Occupational Classification System of the People's Republic of China (2022)*. The new version of *Introduction to the Majors of Vocational Education* unifies the framework of introduction to majors in secondary vocational schools, vocational colleges, and vocational undergraduate education, covering all 19 major categories of the new version of the professional catalog, including 1,349 majors in 97 major sub-categories.

In October 2022, the report of the 20th National Congress of the Communist Party of China proposed a new discourse on vocational education. The report emphasized the need to promote collaborative innovation in vocational education, higher education and continuing education, to promote integration between vocational education and general education, between industry and education, and between science and education, and to better position various types of vocational education. For the first time, the report explicitly included “master craftsmen” and “high-skilled workers” in the national strategic talent list.

In December 2022, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued *Opinions on Deepening the Reform of Modern Vocational Education System Construction*, proposing strategic tasks including exploring new models of provincial system construction, creating municipal industry-education consortium and industry-education integration communities, and striving to complete key work in five areas and complete condition-guarantee work in four areas, including improving key abilities of running schools, building a team of “Academic-Practical Teachers”, and constructing practice center for integrating regional industry and education.

4. Main industry characteristics and cyclical characteristics

The institutions of vocational education distribute vastly all over the country. Such situation lifts the barriers to competition in this field. 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 for civil servants also comes in large numbers from prefecture-level cities and counties. This has given rise to a large number of local small and medium-sized training institutions, and provided large institutions with a wide space to expand their channel networks, while making management difficulties and barriers to competition suddenly higher.

The training for civil servant recruitment tests is seasonal. For trainees, the 1-2 years before or after their 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 civil servant examinations basically take place once a year, while a few provinces will have another joint examination in the second half year. And the recruitment of public institution employees and teachers are carried out according to the needs of the provinces and cities, which are distributed in each month throughout the year uncertainly. The documents of recruitment plan are of a great amount.

This seasonal fluctuation of recruitment has caused major growth bottlenecks for small and medium-sized training institutions and has also provided large institutions with continuous motivation to constantly challenge the scale boundary. With the rapid increase in examination categories and business sectors, large institutions will increasingly enjoy the benefits 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 rapid concentration of market share to leading enterprises.

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

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

Offcn Edu 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.

For hundreds of millions of knowledge-based people and based on the two core demands, the Company's main business covers three major sectors including training for public service recruitment examinations, college and high institution enrollment examinations and vocational ability enhancement, and it provides more than 100 categories of comprehensive vocational training service. The Company has more than 1,000 outlets across the country, covering more than 300 prefecture-level cities.

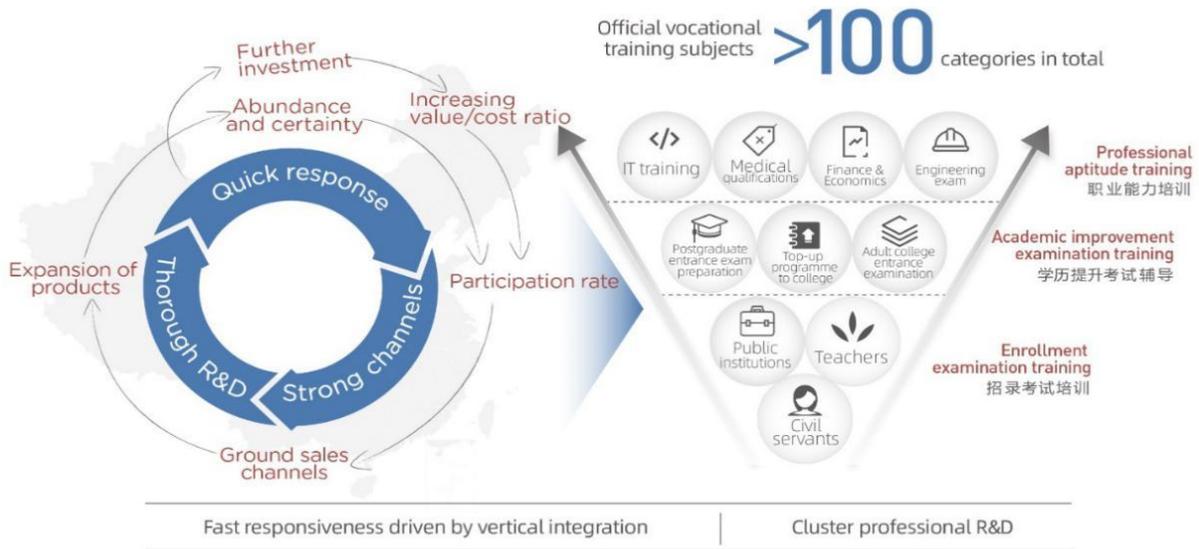
After a long-term exploration and accumulation, Offcn Edu has owned a large-scale full-time R&D team of more than 1,600 people, a large-scale teaching team of more than 9,000 teachers, and a staff of more than 20,000 people. Relying on its outstanding team execution and nationwide vertical integrated fast response capability, the Company has developed into an innovation-driven enterprise platform.



Section III. Analysis of the Company's core competitiveness

The Company's core competitiveness lies in the formation of an enterprise platform driven by the capability of

vertical integrated fast response. The key driving factors are as follows:



1. Clustered professional R&D continuously outputs 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 in 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 1,600 people has formed. With the expansion of categories and the involvement of different sectors, the Company's professional R&D not only achieves the continuous division of labor under the scale effect, but also constantly creates R&D cluster effect of collaboration between categories, which greatly improves the efficiency of R&D, especially the grafting efficiency of using stock R&D resources in new categories and new businesses.

2. Vertical integrated fast response capability supports the Company's sustainable operation structurally and efficiently.

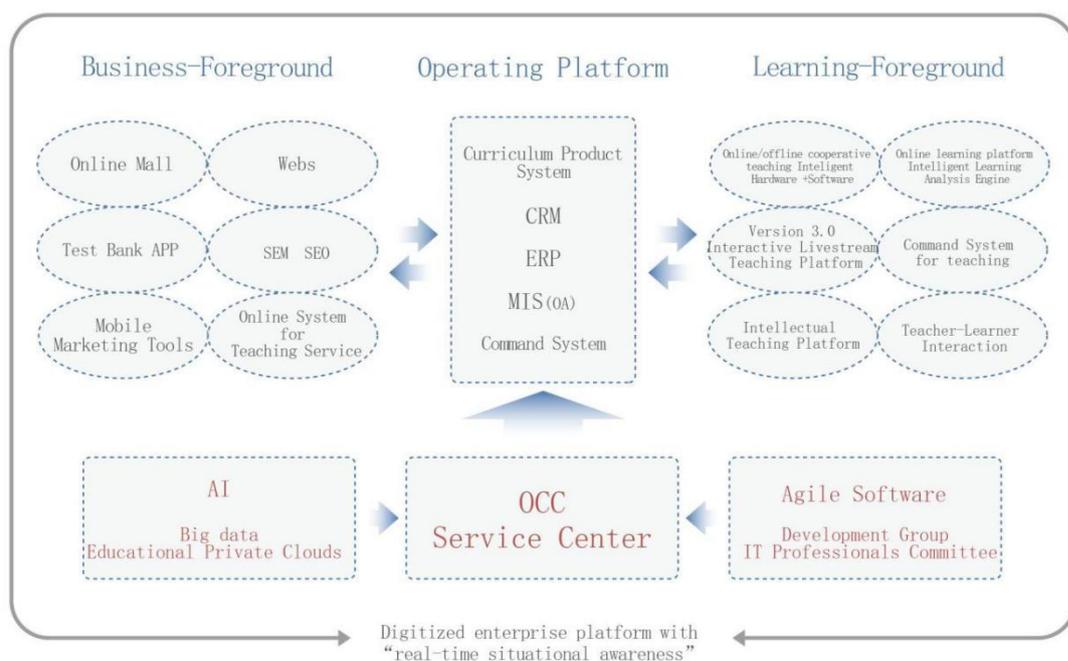
The high operation efficiency far beyond the general industries is a necessity to realize scale economy and establish competitive barrier in the decentralized market. Therefore, vertical integrated fast response system and capability can best adapt to this kind of market environment. In each exam, "Business outlets — Headquarters command center — Teaching sites" are giving responses and feedback with high frequency every day. Thus, management and learning effect far above the average can be realized.

Vertical integrated corporate structure can not only realize the high efficiency of operation, but also be effectively compatible with the management impact brought by rapid business category expansion. So investment in and innovation on this corporate structure has always been a central part of the management reform. At present, Offcn Edu has established more than 1,000 business outlets covering 300 prefecture-level cities. 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, Offcn Edu has also continuously invested in the construction of large-scale one-stop bases for food, housing and learning to promote the realization of large-scale factory operation on the teaching sites.

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



4. The values of kindness and altruism are ubiquitous and flourishing.

As a knowledgeable 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 Kind & 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, influenced the staff level by level, and unswervingly implemented it in the operation, making the values of Offcn Edu ubiquitous and flourishing in the enterprise. This distinctive and tangible corporate culture allows the Company to maintain strong organizational cohesion.

5. Offcn Edu strives to strengthen the Party's construction to promote the healthy and vigorous development

of the Company.

From the establishment of the Party committee in 2018 to the founding of the first Party school of non-public-owned enterprise in 2019, the Party committee of Offcn Edu has fully utilized the Company's advantages of knowledge, theory, and technology and actively promoted employees and students to implement the Party's political routes, principles, and policies. Meanwhile, Offcn Edu focuses on the integration of the Party building of non-public enterprises and corporate culture cultivation to promote the healthy and vigorous development of the enterprise.

As of December 31, 2022, the Company had about 5,000 Party members, accounting for more than one-fifth of the total number of employees.

Section IV. Core business analysis

1. Overview

(1)The Company's losses have significantly narrowed.

In 2022, the situation in the education and training industry is even more severe than that in 2021. Due to the complex and ever-changing domestic and international situations and multiple unexpected factors, the development environment of the education and training industry continues to be under pressure, and the industry remains sluggish. At the Company level, due to multiple unexpected factors, the Company's directly operated branches and learning centers in various regions were closed temporarily, causing significant interference in enrollment and teaching.

On a quarterly basis, the civil servant provincial joint examination in various provinces, originally scheduled for late March, has been postponed to early July, and there have also been delays in the interview of national civil servant examinations, teacher recruitment examinations and recruitment examination for public institutions. Those uncertainties in business environment have had a significant adverse impact on the Company's business receipts and recognition of revenue in the first half of the year. But in the third quarter, the Company took various effective operational measures and optimized management to turn losses into profits. However, in the fourth quarter, due to travel restrictions, the Company's face-to-face teaching business was almost completely suspended. Due to rigid operating expenses such as labor and venue costs, the fourth quarter suffered losses.

However, during the reporting period, although greatly impacted by the harsh market environment, the Company carried out a series of annual business boost plans such as internal optimization to reduce costs and increase efficiency, and structural adjustments of products, resulting in a significant reduction in losses of annual performance compared with that of previous years. In the next stage, the liberalization of policies and the gradual recovery of the economy

will user in new opportunities for the reconstruction of the global economic order, and will also bring us confidence. In order to further improve the overall business performance, the Company has launched the “Recovery and Consolidation Action”, addressing the problems in business management from aspects such as organizational structure, employee motivation, product innovation, and marketing methods, so as to gradually restore and stabilize the Company’s performance.

During the current reporting period, the Company achieved a total operating income of RMB 4,824,814,105.43 yuan, a 30.19% year-on-year decrease. Net profit attributable to shareholders of the listed Company was RMB -1,102,059,818.43 yuan, a decreased loss of 53.49% from the previous year. After deducting non-recurring profits and losses, net profits attributable to shareholders of the parent company was RMB -1,113,077,251.50 yuan, a decreased loss of 55.22% from the previous year.

The key operating resources and performance indicators during the reporting period are stated in the table below:

Item	Indicators	At the end of the reporting period	At the end of last year	The increase or decrease at the end of the reporting period from the end of the previous year
Operating resources	Directly-operated branches	1,113	1,508	-26.19%
	Employees	22,652	36,143	-37.33%
	R&D personnel	1,694	2,452	-30.91%
	Teachers	9,024	14,590	-38.15%
Item	Indicators	The current reporting period	The same period of last year	The increase or decrease in the reporting period from the same period of the previous year
Business and profits	Revenue of face-to-face training (RMB yuan)	2,880,513,016.89	4,380,182,147.02	-34.24%
	Revenue of online training (RMB yuan)	1,921,335,870.26	2,480,100,224.28	-22.53%
	Number of training participants	3,087,140.00	3,849,035	-19.79%
	Operating income (RMB yuan)	4,824,814,105.43	6,911,723,331.79	-30.19%
	Net profits attributable to shareholders of the listed Company (RMB yuan)	-1,102,059,818.43	-2,369,509,039.00	53.49%

(2) Multiple measures were taken to reduce costs and increase efficiency.

During the reporting period, in the face of an unfavorable business environment, the Company reasonably optimized its organizational structure and closed ineffective branches. At the end of the reporting period, the total number of directly operated branches of the Company was 1,113, a decrease of 395 from 1,508 in 2021 and a year-on-year decrease of 26.19%. The closure of the branches was also accompanied by the optimization of staff. At the end of the reporting period, the total number of employees in the Company was 22,652, a decrease of 37.33% on an annual basis.

In addition, the Company has made efforts to reduce costs and expenses. During the reporting period, the Company's total operating costs decreased by 37.63% year-on-year, sales expenses decreased by 35.44% year-on-year, and management expenses decreased by 28.87% year-on-year. Significant results have been achieved on controlling expenses.

(3) Vocational education business has achieved phased practical results.

In 2022, the Company integrated internal resources and continued to explore new vocational education businesses, achieving some practical results in school-enterprise cooperation and deepening the integration between industry and education. During the reporting period, the Company jointly established majors with colleges in Henan, Shaanxi, Sichuan, Hunan, and other regions, and the number of trainees has reached nearly 4000. Among them, the major of AI technology application jointly built with Puyang Petrochemical Vocational and Technical College, the major of software testing jointly built with Kaifeng Information Engineering School, the major of UI/UE interaction design jointly built with Shanxi Dachang Vocational High School, the major of animation jointly built with Changsha Nanfang Professional College, and the major of e-commerce jointly built with Sichuan University Jinjiang College have all respectively developed into distinctive major of their colleges.

At present, the integration between industry and education, as well as the collaborative education between schools and enterprises, has not yet formed a stable and mutually beneficial long-term mechanism, and resources from the demand side of enterprises and from supply side of education are relatively scarce. Therefore, during the reporting period, the Company sought cooperation with Alibaba.com, New Higher Education Group, German IB Education, PowerLeader, Huaxia Class and other enterprises in the field of enhancing employment and skill development to create cost-effective and high-quality supply and drive demand expansion through innovation of supply side.

2. Revenue and cost

(1) Composition of revenue

Unit: RMB yuan

	2022		2021		Increase/ Decrease over the previous year
	Amount	Proportion of Revenue	Amount	Proportion of Revenue	
Revenue	4,824,814,105.43	100%	6,911,723,331.79	100%	-30.19%

Sectors					
Educational training	4,801,848,887.15	99.52%	6,860,282,371.30	99.26%	-30.01%
Others	22,965,218.28	0.48%	51,440,960.49	0.74%	-55.36%
Categories of product					
Training for Civil Servant Test	1,923,536,101.12	39.87%	3,368,861,256.89	48.74%	-42.90%
Training for Public Institution Test	879,502,420.01	18.23%	1,019,282,962.72	14.75%	-13.71%
Training for Teachers' Recruitment Test	676,771,588.97	14.03%	802,387,194.18	11.61%	-15.66%
Training for other public services test and new businesses	1,322,038,777.05	27.40%	1,669,750,957.51	24.16%	-20.82%
Others	22,965,218.28	0.48%	51,440,960.49	0.74%	-55.36%
Regions					
Northeast China	495,256,554.30	10.26%	891,663,394.84	12.90%	-44.46%
North China	800,112,470.69	16.58%	1,172,797,204.47	16.97%	-31.78%
East China	1,301,233,313.99	26.97%	1,687,969,176.80	24.42%	-22.91%
Middle China	605,537,171.26	12.55%	850,590,365.27	12.31%	-28.81%
South China	449,723,710.15	9.32%	571,708,625.26	8.27%	-21.34%
Southwest Region	622,638,791.52	12.90%	907,397,421.66	13.13%	-31.38%
Northwest China	527,346,875.24	10.93%	778,156,183.00	11.26%	-32.23%
Others	22,965,218.28	0.48%	51,440,960.49	0.74%	-55.36%
Sales models					
Direct sales	4,824,814,105.43	100.00%	6,911,723,331.79	100.00%	-30.19%

(2) Particulars of sectors, products, regions and sales models 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?

Yes No

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

Applicable Not applicable

(5) Composition of operating cost

Categories of industry

Unit: RMB yuan

Industries	Items	2022		2021		Year-on-year Increase/Decrease
		Amount	Proportion of operating costs	Amount	Proportion of operating costs	
Education training	Cost of operation	2,958,900,025.02	99.30%	4,945,732,913.85	99.04%	0.26%
Others	Cost of operation	20,887,285.53	0.70%	47,984,449.73	0.96%	-0.26%

Statements

None

(6) Did the scope of consolidation change during the reporting period?

Yes No

Full name of the subsidiary	Proportion of shareholding (%)	Reason for changes
1. Sichuan Offcn Luming Cultural Media Co., Ltd	100.00	New establishment
2. Beijing Offcn Shengjing Education Technology Co., Ltd.	100.00	New establishment
3. Henan Offcn Education Consulting Co., Ltd.	100.00	New establishment
4. Lhasa Offcn Training School Co., Ltd.	100.00	New establishment
5. Tianjin Offcn Technology Co., Ltd.	100.00	New establishment
6. Tianjin Jinnan Offcn Lexue Training School Co., Ltd.	100.00	New establishment
7. Tianjin Baodi Offcn Lexiang Training School Co., Ltd.	100.00	New establishment
8. Tianjin Jizhou Offcn Lecheng Training School Co., Ltd.	100.00	New establishment
9. Nantong Sigang Huizhi Technology Co., Ltd.	51.00	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 sales amount of the top five customers (RMB yuan)	536,968.92
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The ratio of the total sales amount of the top five customers to the total annual sales amount	0.01%
The ratio of the sales amount of related parties in the sales amount of the top five customers to the total annual sales amount	0.00%

Information about the top 5 customers

SN	Customer	Sales amount (RMB)	Ratio to the total annual sales amount
1	Customer 1	120,871.84	0.00%
2	Customer 2	113,592.23	0.00%
3	Customer 3	105,514.56	0.00%
4	Customer 4	104,757.28	0.00%
5	Customer 5	92,233.01	0.00%
Total	--	536,968.92	0.01%

Other information regarding major customers

Applicable Not applicable

Information regarding major suppliers

Total purchase amount of the top five suppliers (RMB yuan)	117,972,114.27
The ratio of the total purchase amount of the top five suppliers to the total annual purchase amount	8.73%
The ratio of the purchase amount of related parties in the purchase amount of the top five suppliers to the total annual purchase amount	0.00%

Information regarding the top 5 suppliers

SN	Supplier	Purchase Amount (RMB)	Ratio to the total annual purchase amount
1	Supplier 1	59,200,000.00	4.38%
2	Supplier 2	24,888,088.11	1.84%
3	Supplier 3	16,024,439.86	1.19%
4	Supplier 4	11,800,000.00	0.87%
5	Supplier 5	6,059,586.30	0.45%
Total	--	117,972,114.27	8.73%

Other information about major suppliers

Applicable Not applicable

3. Expenses

Unit: RMB yuan

	Year 2022	Year 2021	Year-on-year Increase/ Decrease	Description on major changes
Sales expenses	1,359,096,659.05	2,105,098,912.06	-35.44%	Mainly due to the decrease of market operating expenses and labor expenses with the optimization of sales personnel, by taking measures to reduce cost and increase efficiency.
Management expenses	935,818,353.08	1,315,643,022.03	-28.87%	Mainly due to the decrease of operation and management expenses and labor expenses with the optimization of management personnel, by taking measures to reduce cost and increase efficiency.
Financial expenses	238,521,491.09	491,614,471.98	-51.48%	Mainly due to the decrease on bank loan interest and financial institution fees during the current period.
R&D expenses	592,208,850.10	901,469,538.57	-34.31%	The company's cost reduction and efficiency increase resulted in a reduction in expenses, optimization of R&D personnel, and corresponding reduction in labor expenses. Mainly due to the decrease of R&D expenses and labor expenses with the optimization of R&D personnel, by taking measures to reduce cost and increase efficiency.

4. R&D investment

√ Applicable □ Not applicable

Name of Projects	Purpose of projects	Progress of projects	Goals to be achieved	Potential influence on the Company's development
Basic research and development of curriculum system	Enrich the Company's curriculum system to achieve a diversified curriculum portfolio	Obtained partial objective	Enrich the Company's curriculum system to achieve a diversified curriculum portfolio	Provide different product portfolios to enhance students' learning outcome and to improve the Company's core competitiveness
Research and development of infrastructure for	By developing platform systems and client APPs, provide technical support for	Obtained partial objective	By developing platform systems and client APPs, provide technical support for	Promote the deep matching of digital management and vertically integrated fast

digital operation	the transformation of business digitization		the transformation of business digitization	response system, seek for higher level of efficient fast response with the power of digital management, and further enhance the core competitiveness of the Company based on speed economy
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R&D staff

	2022	2021	Year-on-year Increase/ Decrease
Numbers of R&D staff	1,694	2,452	-30.91%
Proportion of R&D staff	7.48%	6.78%	0.70%
Education background of R&D staff	—	—	—
Bachelor degree	1,123	1,665	-32.55%
Master degree	567	778	-27.12%
Others	4	9	-55.56%
Age of R&D staff	—	—	—
Below 30 years old	523	1,052	-50.29%
30-40 years old	1,101	1,344	-18.08%
Above 40 years old	70	56	25.00%

Investments in R&D

	Year 2022	Year 2021	Year-on-year Increase/ Decrease
R&D investment amount (RMB yuan)	592,208,850.10	901,469,538.57	-34.31%
The proportion of R&D investment in revenue	12.27%	13.04%	-0.77%
Amount of capitalized R&D investment (RMB yuan)	0.00	0.00	0.00%
The proportion of Capitalized R&D investment in R&D investment	0.00%	0.00%	0.00%

Reasons and effects of major changes in the composition of the Company's R&D personnel

Applicable Not applicable

Reason for a significant change of the proportion of total R&D investment in revenue from that of the last year

Applicable Not applicable

Reason and statement for the significant change in capitalization rate of R&D investment

Applicable Not applicable

5. Cash flow

Unit: RMB yuan

Item	Year 2022	Year 2021	Year-on-year Increase/ Decrease
Sub-total of cash inflows from operating activities	5,921,228,306.58	5,344,505,574.24	10.79%
Sub-total of cash outflows from operating activities	5,134,036,348.30	9,442,467,123.14	-45.63%
Net cash flows from operating activities	787,191,958.28	-4,097,961,548.90	119.21%
Sub-total of cash inflows from investing activities	476,398,474.82	9,419,573,425.23	-94.94%
Sub-total of cash outflows from investing activities	223,604,195.85	7,679,034,155.42	-97.09%
Net cash flows from investing activities	252,794,278.97	1,740,539,269.81	-85.48%
Sub-total of cash inflows from financing activities	959,240,000.00	4,569,000,000.00	-79.01%
Sub-total of cash outflows from financing activities	3,588,146,347.44	6,191,808,200.47	-42.05%
Net cash flows from financing activities	-2,628,906,347.44	-1,622,808,200.47	-62.00%
Net increase in cash and cash equivalents	-1,588,920,110.19	-3,980,230,479.56	60.08%

Main influencing factors of major year-on-year changes in relevant data

Applicable Not applicable

Reason for significant differences between the net cash flow from operating activities and the net profit of the Company during the reporting period

Applicable Not applicable

Section V. Non-core business analysis

√ Applicable □ Not applicable

Unit: RMB yuan

	Amount	Proportion of Total Profit	Reason	Sustainable or not
Investment income	9,804,270.34	-0.76%		Uncertain
Gains and losses from changes in fair value	-6,026,850.74	0.47%		Uncertain
Non-operating expenses	4,778,597.36	-0.37%		Uncertain

Section VI. Analysis of assets and liabilities

1. Major changes in asset composition

Unit: RMB yuan

	End of Year 2022		Beginning of Year 2022		Proportion of increase/decrease	Major Changes
	Amount	Proportion of total assets	Amount	Proportion of total assets		
Monetary fund	385,328,555.74	4.80%	1,970,361,272.64	19.12%	-14.32%	Mainly due to the decrease in the Company's business receipts
Accounts receivable	37,323,682.88	0.46%	40,374,842.27	0.39%	0.07%	No major changes during this period
Investment properties	450,260.54	0.01%	644,936,541.46	6.26%	-6.25%	Due to the transfer of leasing assets of the parent company back to fixed assets during this period
Long-term equity investment	46,835,952.63	0.58%	46,850,364.40	0.45%	0.13%	No major changes during this period
Fixed assets	1,970,536,339.75	24.55%	1,770,372,338.85	17.18%	7.37%	Due to the transfer of leasing assets of the parent company back to fixed assets during this period

Construction in progress	323,273,645.99	4.03%	294,785,678.31	2.86%	1.17%	No major changes during this period
Right-of-use asset	1,112,202,447.58	13.86%	1,342,280,387.08	13.03%	0.83%	No major changes during this period
Short-term borrowings			3,152,945,812.59	30.60%	-30.60%	Mainly due to the repayment of bank borrowings during this period
Contract liabilities	3,949,799,538.71	49.20%	3,063,721,290.28	29.73%	19.47%	Mainly due to the advanced provincial joint examination of civil servant recruitment in the previous year
Lease liabilities	508,752,253.77	6.34%	635,691,184.87	6.17%	0.17%	No major changes during this period

A high percentage of overseas assets

Applicable Not applicable

2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB yuan

Item	Opening balance	Profits and losses from the changes in fair value in current period	Accumulated changes in fair value attributed to equity	Provision for impairment in current period	Amount of purchase in the current period	Amount of sales in the current period	Others	Closing balance
Financial assets								
1. Transactional financial assets (excluding derivative financial assets)	376,986,621.74	-6,026,850.74			116,241,028.16	459,520,799.16		27,680,000.00
4. Other equity investment	130,400,000.00		-9,100,000.00					121,300,000.00

Sub-total of financial assets	507,386,621.74	-6,026,850.74	-9,100,000.00		116,241,028.16	459,520,799.16		148,980,000.00
Total	507,386,621.74	-6,026,850.74	-9,100,000.00		116,241,028.16	459,520,799.16		148,980,000.00
Financial liabilities	0.00							0.00

Other changes

None

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

Unit: RMB

Item	Book value at the end of the period	Reasons for restriction
Monetary funds	4,442,656.37	Security deposit, dormant account/without reconciliation, judicial freeze and so on
<u>Total</u>	<u>4,442,656.37</u>	

Section VII. 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
155,982,291.97	7,079,571,718.12	-97.80%

2. Significant equity investment obtained during the reporting period

Applicable Not Applicable

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

Applicable Not Applicable

4. Financial assets investment

(1) Securities investment

Applicable Not applicable

There is no securities investment during the reporting period of the company.

(2) Derivatives investment

Applicable Not Applicable

There is no derivatives investment during the reporting period of the Company.

5. Use of raised funds

Applicable Not Applicable

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

Section VIII. Sale of major assets and equity

1. Sale of major assets

Applicable Not Applicable

The Company did not sell any major assets during the reporting period.

2. Sale of major equity

Applicable Not Applicable

Section IX. 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 yuan

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	7,077,306,933.56
Net assets	53,157,808.82
Revenue	4,823,330,961.90
Operating profit	1,187,961,691.08
Net profit	1,008,816,015.96

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not Applicable

Major holding and participating companies

The Company's wholly-owned subsidiary, Beijing Offcn Education Technology Co., Ltd., achieved a revenue of RMB 4,823.30 million in 2022, a decrease of 29.95% from 2021. The total operating cost in 2022 was RMB 6,056.08 million, a decrease of 37.77% from 2021. The operating loss in 2022 was RMB 1,008.82 million, a decrease of 55.26% from the loss in 2021. The loss in 2022 mainly resulted from the postponement of the provincial joint examinations, periodic fluctuations of examinations in the education and training industry, tightening demand, and weakening willingness to attend training, etc. At the same time, Local outlets and learning centers have been closed down in stages, and offline training has been stopped, which has affected the company's business development and performance achievement to a great extent, further resulting in the reduction of main business revenue. Meanwhile, the company strove to reduce all costs and expenses, adjusted the salary structure, evaluated the staff performance strictly, and thus effectively controlled the personnel expenses; the number of class and the marketing activities were reduced, thus reducing the expenses of hotel site and marketing. Because the reduction in total operating costs was greater than the reduction in operating revenue, the company's operating loss in 2022 has decreased compared with the loss in 2021.

Section X. Structured entities controlled by the Company

Applicable Not Applicable

Section XI. 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 enhancing..

In recent years, China's industrial structure is undergoing transformation and upgrading. The government has clearly proposed that great efforts should be made to promote the development of emerging industries with strategic importance, and the proportion of modern service industry should be further increased. With rapid changes of 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. From the promulgation and implementation of the newly revised Vocational Education Law of the People's Republic of China in 2022 to the issuance of the Opinions on Deepening the Reform of Modern Vocational Education System Construction, the report of the 20th National Congress of the Communist Party of China in 2022 emphasized "We will promote collaborative innovation in vocational education, higher education, and continuing education, promote integration between vocational education and general education, between industry and education, and between science and education, and better position various types of vocational education", and clearly included "master craftsmen" and "highly-skilled workers" into the ranks of national strategic talents. This will strongly promote the status of vocational education in the education system from the policy and institutional level.

(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 reached 11.58 million this year, setting a new historical record.

College graduates account for more than half of the annual demand of 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 for 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 and long-term driver to China's employment market growth. At present, the urbanization rate has exceeded 60%. 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 seriously inadequate public service supply in cities, which will also impose higher requirements on the quality of public services.

Compared with public products such as infrastructure, public services are labor-intensive inputs, especially the basic public services of local governments. A large number of employees can be hired while public service capabilities are being improved. China's long-term goal for 2035 includes the equalization of basic public services, and the main goal of economic and social development during the "14th Five-Year Plan" period requires a significant increase in the level of equalization of basic 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 in recent years.

2. Strategic development direction of the Company**(1) Cement the leadership position in recruitment training market and take steady development as the first priority**

The industry is currently facing significant challenges due to the complex and volatile domestic and

international situation and the repeated impact of multiple factors that have exceeded expectations, but this does not change our long-held view of the long-term trend. Urbanization, equalization of public services, the natural renewal of the in-service staff in large scale and the stabilization of employment are the main trends of the economic and social development, which means that the long-tail effect of the recruitment market will continue to strengthen. Under the new industry context, the Company will innovate and optimize the products proactively, respond to the demand of new-added employment more quickly and meet the demand more properly, transfer from the pursuit of high growth to sustainable and sound development, balance business development and profitability and cement the leadership position in recruitment training market.

(2) Maintain effective 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.

(3) Further 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 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 level of intelligence in operation and teaching, thus supporting vertical integrated fast response capability with a wider range and on a larger scale.

(4) Focus on the core market and improve service capabilities

Under the influence of changes in consumer demand and market environment, consumers' consumption concepts have also undergone certain changes, and consumers will turn to products with more competitive prices when choosing commodities. In order to meet market demand, in 2023, the Company will continue to focus on core categories such as postgraduate entrance examinations, IT and vocational education. Through full investment in core links of operation such as teaching and research, channels and management, the Company will improve service quality and create cost-effective products to meet market demand..

(5) Continue to optimize channels and strengthen core areas

According to the business development strategy, the Company will continue to rationally optimize the channel network, close ineffective outlets and channel superior resources into strengthening core area under the premise of

ensuring the stability of the main body of the business network. At present, the Company's more than 1,000 directly-operated outlets and learning centers cover more than 300 cities across the country.

3. Major business plan of the Company in 2023

(1) Optimize the organizational structure and enhance the value of human resources

Organizational change must support the growth of the business. In 2023, the Company will adjust the organizational structure, grant regional companies more autonomous rights of management and enable each small organization and unit to have greater autonomy when making operational decisions. In addition, the Company has launched the "Common Wealth" campaign, where regional companies can carry out "one-to-one" pairing support to improve the output of HR efficiency by continuously optimizing organizing ability.

(2) Adjust the incentive policy to stimulate the vitality of employees

In 2023, the Company will formulate an incentive policy that is more suitable for its own characteristics, revise the assessment system for each sequence of personnel and promote the salary incentive model of "more work, more pay", so that employees will have more enthusiasm and resources, and possess better capabilities to respond to market demand. At the same time, the Company will regularly give regional companies and employees of each sequence special training and management training, so that the team can serve the Company's business development in a more agile manner.

(3) Innovate products and services to enhance power of core product

As the difficulty of the exam increases and the competition becomes more intense, students increasingly need more time to prepare for exams. This places very high demands on the comprehensive strength of training institutions. In 2023, on the basis of increasing the proportion of cash-paid classes in 2022, the Company will innovate products of individual categories by taking advantage of large-scale R&D and will also develop new products to meet different demands from different regions and students based on the front-line teaching and training experience. In addition, the Company will improve the environment of large-scale one-stop bases for food, lodging and learning in each region to provide higher-quality teaching services.

(4) Consolidate online and offline integration and strengthen digital marketing model

The Company will continue to increase investment in online and OMO, and further expand the leading edge of online and offline integrated courses on the basis of digitalizing main course products, so that more students can obtain the convenience of online learning and the effectiveness of face-to-face learning at the same time. As channels become increasingly fragmented, the Company will make targeted additions to its channel strategy. In addition to our nationwide coverage of directly operated branches and learning centres, we will expand into various new social channels in 2023, according to the frequency of consumer contact.

(5) Cement the foundation and continue to explore new business of vocational education

With the Company's gradual exploration of new vocational education business last year, the integration of platform resources and business has reached a new level and the output capacity of the vocational education team has been greatly improved. However, the market is still in the stage of lacking high-quality supply, therefore, on the basis of the great progress made in 2022, this year the Company will continue to explore new market opportunities arising from China's industrial upgrading, make greater investment in product innovation and resource allocation, improve the level of intelligent operation and teaching, and drive vocational education business to make breakthrough.

4. Possible Risks

(1) Industry Policy Risks

The boom of the vocational education industry has a high correlation with the policy environment, and is easily influenced 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) Market Risks

The vocational education industry is encouraged by national policies, which will inevitably lead to an increasing influx of capital into the vocational education and training industry, resulting in increasingly fierce competition in the market, and the Company's business may face the impact of new competitors. At the same time, due to the macroeconomic environment, the training industry is experiencing cyclical fluctuations, shrinking demand and weakening willingness of trainees to participate in training, and the industry is showing signs of overall contraction, which poses a test to the Company's business. Therefore, in the long run, the resilience of market demand is strong,

but it cannot be ruled out that the short-term decline due to various factors will affect the candidates' enthusiasm for the exam, resulting in the decline of market demand.

Risk response: In response to the above risks, the Company will continue to maintain effective investment in research and development, and also in technology infrastructure and technical teams to integrate the productivity of technology into the business system and promote business innovation and the quality of products and services. The Company will optimize the product structure timely, refine the product quality and innovate the service model according to the demand of market and trainees, to improve the operating profitability. At the same time, based on the operating conditions, the Company will seek the optimum balance between products, staff and channels and strengthen the control over cost to enhance the Company's capability of fighting against market risks.

(3) 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. With the continuous increase of costs such as venue leasing and labor, the pursuit of rapid development will lead to a decline in the current profit level and profit margin.

Risk response: The Company will continuously optimize the vertically integrated and rapid response management system to enable the system to have rapid resource allocation capabilities and information feedback mechanism, which can bring a larger management radius, higher delivery efficiency, enhance the work collaboration of large-scale employees, and improve management and operation efficiency. At the same time, the Company's R&D capabilities and channel advantages accumulated over years provide strong support for the Company to expand new categories and form a diversified product matrix.

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

Applicable Not Applicable

Date	Place	Ways of reception	Type of reception object	Reception object	Discussion content and the materials provided	Index of the survey
May 11, 2022	rs.p5w.net	Other	Other	All investors	Interpretation of the Company's annual performance in 2021, business development, introduction of the Company's strategic plan, and etc.	The "Investor Relations Activity Record Form (2022-001)" disclosed by the Company on www.cninfo.com.cn on May 11, 2022

Chapter 4 Corporate Governance

Section I. Basic Information of Corporate Governance

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 *Listed Companies Self-Regulatory Guidelines No.1 — Standardized Operation of the Listed Companies on Main Board*, 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 Meeting* 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 and especially ensures that the minority shareholders enjoy equal status. During the reporting period, the Company convened two 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 Company. There wasn't any guarantee provided by the listed Company 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*, *Regulations of Appointment and Proceedings 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, financial status, etc., and safeguarded the legitimate rights and interests of the Company and shareholders.

5. Relevant stakeholders

The Company fully respects and safeguards the legitimate rights and interests of relevant stakeholders, constantly strengthens the awareness of social responsibility and enhances communication with all parties to coordinate and balance the interests of the society, government, shareholders, the Company itself, and its employees. The Company adheres to the principle of mutual benefits and win-win results with relevant stakeholders and jointly promotes the Company's harmonious, steady and sound development.

6. Information disclosure and transparency

In strict accordance with the requirements of *Regulations Concerning Information Disclosure Management*, *Regulations Concerning Investors 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, 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, and 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 guarantees investors' rights to know.

Are there any material differences between the Company's actual governance status and the laws, administrative regulations and rules on the governance of listed companies issued by CSRC?

Yes No

There is no material difference between the Company's actual governance status and the laws, administrative regulations and rules on the governance of listed companies issued by CSRC.

Section II. Details of the Company's separation from its controlling shareholders and actual controllers to ensure the Company's independence on assets, personnel, finance, organization and business 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	Resolution
2022 First Extraordinary General Meeting	Extraordinary General Meeting	75.06%	January 28, 2022	January 29, 2022	For details, refer to the <i>Announcement on Resolutions of the First Extraordinary General Meeting of 2022</i> (No. 2022-012) disclosed on www.cninfo.com.cn .
2021 Annual General Meeting	Annual General Meeting	78.27%	June 27, 2022	June 28, 2022	For details, refer to the <i>Announcement on Resolutions of the Annual General Meeting of 2021</i> (No. 2022-052) disclosed on www.cninfo.com.cn .

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

Applicable Not applicable

Section V. Directors, supervisors and senior executives of the Company

1. Basic information

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)	Reasons for increase or decrease of shares
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Li Yongxin	Chairman of the Board	Incumbent	Male	47	February 1, 2019	January 27, 2025	1,131,415,121		158,803,785		972,611,336	Reduce shareholding
Wang Zhendong	Director, general manager	Incumbent	Male	47	February 1, 2019	January 27, 2025	852,885,418		92,110,000		760,775,418	Reduce shareholding
Shi Lei	Director	Incumbent	Male	47	February 1, 2019	January 27, 2025						
Yi Ziting	Director	Incumbent	Female	49	February 1, 2019	January 27, 2025						
Wang Qiang	Independent director	Resigned	Male	46	February 1, 2019	January 28, 2022						
Tong Yan	Independent director	Resigned	Female	46	February 1, 2019	January 28, 2022						
Jiang Tao	Independent director	Incumbent	Male	49	January 28, 2022	January 27, 2025						
Chen Yuqin	Independent director	Incumbent	Female	58	January 28, 2022	January 27, 2025						
Zhang Xuanming	Independent director	Incumbent	Male	45	February 1, 2019	January 27, 2025						
Yu Hongwei	Chairman of the Supervisory Committee	Incumbent	Female	57	July 22, 2019	January 27, 2025						
He Di	Supervisor	Incumbent	Male	46	February 1, 2019	January 27, 2025						
Li Wen	Supervisor	Incumbent	Female	44	February 1, 2019	January 27, 2025						
Wang Xuejun	Deputy general manager	Resigned	Male	60	February 1, 2019	January 28, 2022						
He Youli	Deputy general manager	Incumbent	Male	48	February 1, 2019	January 27, 2025						
Luo Xue	Chief Financial Officer	Incumbent	Male	55	February 1, 2019	January 27, 2025						
Gui	Secretary of the	Incumbent	Male	52	February 1,	January 27,						

Hongzhi	Board, deputy general manager				2019	2025						
Total	--	--	--	--	--	--	1,984,30 0,539	0	250,913, 785	0	1,733,38 6,754	--

During the reporting period, is there any resignation of directors and supervisors or dismissal of senior executives during their term of office?

Yes No

Changes of directors, supervisors, and senior executives

Applicable Not Applicable

Name	Title	Type	Date	Reasons
Wang Qiang	Independent director	Resignation after expiration of appointment	January 28, 2022	Because of his expiration of appointment, Mr. Wang Qiang no longer serves as an independent director of the Company.
Tong Yan	Independent director	Resignation after expiration of appointment	January 28, 2022	Because of her expiration of appointment, Ms. Tong Yan no longer serves as an independent director of the Company.
Wang Xuejun	Deputy general manager	Resignation after expiration of appointment	January 28, 2022	Because of his expiration of appointment, Mr. Wang Xuejun no longer serves as the deputy general manager of the Company.
Jiang Tao	Independent director	Elected	January 28, 2022	According to the election results of the Company's 2022 First Extraordinary General Meeting and the First Meeting of the Sixth Board of Directors, Mr. Jiang Tao was elected as an independent director of the Company's Sixth Board of Directors.
Chen Yuqin	Independent director	Elected	January 28, 2022	According to the election results of the Company's 2022 First Extraordinary General Meeting and the First Meeting of the Sixth Board of Directors, Ms. Chen Yuqin was elected as an independent director of the Company's Sixth Board of Directors.

2. 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 training for public service recruitment.

From 2005 to 2010, he served as the general manager of Beijing Offcn Online Education Technology Co., Ltd. From 2010 to November 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 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.

Ms. Chen Yuqin, born in 1965, is a Chinese citizen and has no permanent residency abroad. She is a senior economist and a member of CPC. She got a bachelor's degree in economics from Renmin University of China as a full-time student and was an on-the-job graduate student in Tsinghua University. From August 1987 to March 1992, she worked as a teacher in Tsinghua University. From April 1992 to August 2005, she worked in a state-owned bank, and served successively as the deputy department manager of the sub-branch (in charge of work), the department manager (credit approver and the office director of the Risk Management and Internal Control Committee), the sub-

branch manager (and the Party branch secretary). From August 2005 to December 2020, She worked in the joint-stock bank, and served successively as a full-time approver in the branch, assistant manager of the sub-branch (in charge of work), manager of the sub-branch (and the Party branch secretary) and etc. She retired at the end of December 2020. From August 4, 2021 to present, she has been working as a non-independent director of Hengxin Shambala Culture Co., Ltd. From January 2022 to present, she has been serving as an independent director of Offcn Education Technology Co., Ltd.

Mr. Jiang Tao, born in 1974, is a Chinese citizen and has no permanent residency abroad, a postdoctor in economics from Sichuan University. He is currently an associate professor of Southwestern University of Finance and Economics, deputy director of the Finance Department of Accounting Institute, and financial consultant for Sichuan Trade Petroleum Energy Co., Ltd. and Doppler Elevator Co., Ltd. From September 2020 to present, he has been serving as an independent director of Chengdu Xinzhu Road & Bridge Machinery Co., Ltd. From January 2022 to present, he has been serving as an independent director of Offcn Education Technology 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 a bachelor's degree. From 2010, 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 in Offcn Ltd. From November 2015 to December 2018, she served as the supervisor representing employees of Beijing Offcn Education Technology Stock 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. 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	Receiving payment from the shareholder

					entity or not?
Wang Zhendong	Beijing Offcn Future Information Consulting Center (Limited Partnership)	Executive Partner	April 10, 2018	To date	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	Receiving payment from the company or not?
Li Yongxin	Beijing Offcn Education Technology Co., Ltd	Chairman of the Board	December 27, 2018	To date	Yes
Li Yongxin	Kunming Wuhua Offcn Training School	President of the council	January 18, 2015	To date	N/A
Li Yongxin	Beijing Offcn Future Group Co., Ltd.	Supervisor	June 13, 2019	To date	N/A
Li Yongxin	Yanyuan Alumni Investment Management Co., Ltd.	Supervisor	January 21, 2019	To date	N/A
Li Yongxin	Beijing Haidian Offcn Training School	President of the council	July 22, 2009	To date	N/A
Li Yongxin	Beijing Haidian Baoquan Financial Training Center	President of the council	May 19, 2014	To date	N/A
Li Yongxin	Urumqi Shayibake Offcn Training Center	Chairman of the Board	January 13, 2014	To date	N/A
Shi Lei	Beijing Offcn Education Technology Co., Ltd	Director	December 27, 2018	To date	Yes
Shi Lei	Hainan Huiyou Film&TV Technology Co., Ltd.	Director	March 10, 2017	To date	N/A
Shi Lei	Taiyuan Hi-Tech Zone Offcn Training School	Council member	March 4, 2013	To date	N/A
Shi Lei	Urumqi Shayibake Offcn Training Center	Council member	January 13, 2014	To date	N/A
Shi Lei	Guangxi Oriental Dreamland Tourism&Healthcare Investment Co., Ltd.	Director	February 24, 2021	To date	N/A

Wang Zhendong	Beijing Offcn Education Technology Co., Ltd.	Director	December 27, 2018	To date	Yes
Wang Zhendong	Beijing Offcn Future Education Technology Co., Ltd.	Director	March 25, 2020	To date	N/A
Wang Zhendong	Lu'an Yazhong Real Estate Information Consulting Co., Ltd.	Executive director and general manager	January 10, 2022	To date	N/A
Wang Zhendong	Lu'an Zhongke Real Estate Information Consulting Co., Ltd.	Executive director and general manager	January 10, 2022	To date	N/A
Wang Zhendong	Beijing Offcn Century Education Technology Co., Ltd.	Executive director and general manager	November 11, 2021	To date	N/A
Wang Zhendong	Beijing Xindezhiyuan Enterprise Management Consultancy Co., Ltd.	Supervisor	August 6, 2014	To date	N/A
Wang Zhendong	Beijing Offcn Xinzhiyu Network Technology Co., Ltd.	Supervisor	May 8, 2012	To date	N/A
Wang Zhendong	Beijing Offcn Future Research Education Technology Co., Ltd.	Executive director and general manager	December 4, 2020	To date	N/A
Wang Zhendong	Taiyuan Hi-Tech Zone Offcn Training School	President of the council	March 4, 2013	To date	N/A
Wang Zhendong	Tangshan Lunan Offcn Training School	President of the council	March 1, 2013	To date	N/A
Wang Zhendong	Urumqi Shayibake Offcn Training Center	Council member	January 13, 2014	To date	N/A
Chen Yuqin	Shanghai Yuqinyangde Information Technology Consulting Co., Ltd.	Supervisor	March 15, 2021	To date	N/A
Chen Yuqin	Hengxin Shambala Culture Co., Ltd.	Director	August 5, 2021	To date	Yes
Jiang Tao	Chengdu Xinzhu Road & Bridge Machinery Co., Ltd.	Independent director	October 16, 2019	To date	Yes
Jiang Tao	Southwestern University of Finance and Economics	Professor	September 1, 2008	To date	Yes
He Di	Beijing Offcn Education Technology Co., Ltd.	Supervisor	December 27, 2018	To date	Yes

He Di	Beijing Offcn Future Education Technology Co., Ltd.	Supervisor	March 25, 2020	To date	N/A
He Di	Tianjin Hexi Offcn Training School Co., Ltd.	Director	July 15, 2019	To date	N/A
He Di	Yuxi Offcn Training School Co., Ltd.	Director	December 24, 2018	To date	N/A
He Di	Lu'an Yazhong Real Estate Information Consulting Co., Ltd.	Supervisor	January 10, 2022	To date	N/A
He Di	Lu'an Zhongke Real Estate Information Consulting Co., Ltd.	Supervisor	January 10, 2022	To date	N/A
He Di	Beijing Offcn Century Education Technology Co., Ltd.	Supervisor	November 11, 2021	To date	N/A
He Di	Beijing Offcn Future Research Education Technology Co., Ltd.	Supervisor	December 4, 2020	To date	N/A
Zhang Xuanming	Hebei Xinmiao Tourism Development Co., Ltd	Supervisor	October 18, 2015	To date	Yes
Yi Ziting	Beijing Offcn Education Technology Co., Ltd	Chairman of the Supervisory Committee	December 27, 2018	To date	Yes
Li Wen	Beijing Offcn Education Technology Co., Ltd	Supervisor	December 27, 2018	To date	Yes

Details of penalties in the past three years from securities regulatory institutions to directors, supervisors, and senior executives who are currently holding the positions in the Company and those who had resigned from the Company during the reporting period

Applicable Not applicable

On December 25, 2021, the Company was filed and investigated by China Securities Regulatory Commission (CSRC) on suspicion of failing to disclose related party transaction information and violating the laws and regulations of information disclosure. On April 27, 2022, the Company and the relevant parties received the official *Decision of Administrative Penalty*. Due to the Company's failure to truthfully disclose related-party relationships and related-party transactions as required, the Anhui Securities Regulatory Bureau of the CSRC decided to give a warning to and impose a fine of RMB 2 million yuan on the Company's Chairman of the Board of Directors Li Yongxin and Director Shi Lei respectively, give a warning to and impose a fine of RMB 1 million yuan on Wang Zhendong, the Director and General Manager of the Company, and give a warning to and impose a fine of RMB 0.5 million yuan on the Company's CFO Luo Xue and the Secretary of the Board Gui Hongzhi respectively.

On August 24, 2022, the Company and corresponding parties received the Decision on Publicly Reproaching Offcn

Education Technology Co., Ltd. and Corresponding Parties issued by the Shenzhen Stock Exchange. Shenzhen Stock Exchange publicly condemned the Company and its chairman of the board of directors Li Yongxin, director and general manager Wang Zhendong, director Shi Lei, chief financial officer Luo Xue, and board secretary Gui Hongzhi for the above-mentioned failure to truthfully disclose related-party relationships and related-party transactions as required.

3. 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 June 27, 2022, the shareholders' meeting reviewed and approved the *Proposal on Determining the Remuneration Plan in the year of 2022 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 additional 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: RMB 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	47	Incumbent	17.75	N/A
Wang Zhendong	Director, general manager	Male	47	Incumbent	26.98	N/A
Shi Lei	Director	Male	47	Incumbent	43.79	N/A
Yi Ziting	Director	Female	49	Incumbent	35.7	N/A
Wang Qiang	Independent director	Male	46	resigned	1.00	N/A
Tong Yan	Independent director	Female	46	resigned	1.00	N/A

Jiang Tao	Independent director	Male	49	Incumbent	11.00	N/A
Chen Yuqin	Independent director	Female	58	Incumbent	11.00	N/A
Zhang Xuanming	Independent director	Male	45	Incumbent	12.00	N/A
Yu Hongwei	Chairman of the Supervisory Committee	Female	57	Incumbent	18.00	N/A
He Di	Supervisor	Male	46	Incumbent	34.82	N/A
Li Wen	Supervisor	Female	44	Incumbent	35.63	N/A
Wang Xuejun	Deputy general manager	Male	60	resigned	3.58	N/A
He Youli	Deputy general manager	Male	48	Incumbent	44.18	N/A
Luo Xue	Chief financial officer	Male	55	Incumbent	43.57	N/A
Gui Hongzhi	Secretary of the Board, deputy general manager	Male	52	Incumbent	33.57	N/A
Total	--	--	--	--	373.57	--

Section VI. Performance of duties by directors during the reporting period

1. Board meetings during the reporting period

Session	Convening date	Disclosure date	Resolution
The 25th Meeting of the 5th Board of Directors	January 12, 2022	January 13, 2022	For details, refer to the <i>Announcement on Resolutions of the 25th Meeting of the 5th Board of Directors</i> (No. 2022-002) disclosed on www.cninfo.com.cn.
The 1st Meeting of the 6th Board of Directors	January 28, 2022	January 29, 2022	For details, refer to the <i>Announcement on Resolutions of the 1st Board Meeting of the 6th Board of Directors</i> (No. 2022-013) disclosed on www.cninfo.com.cn.
The 2nd Meeting of the 6th Board of Directors	April 28, 2022	April 29, 2022	For details, refer to the <i>Announcement on Resolutions of the 2nd Board Meeting of the 6th Board of Directors</i> (No. 2022-042) disclosed on www.cninfo.com.cn.
The 3rd Meeting of the 6th Board of Directors	August 30, 2022	—	Reviewed and approved the Full Text and Abstract of 2022 Semi-annual Report
The 4th Meeting of the 6th Board of Directors	October 28, 2022	—	Reviewed and approved the <i>Third Quarter 2022 Report of the Company</i>
The 5th Meeting of the 6th Board of Directors	November 4, 2022	November 8, 2022	For details, refer to the <i>Announcement on Resolutions of the 5th Board</i>

			<i>Meeting of the 6th Board of Directors (No. 2022-071) disclosed on www.cninfo.com.cn.</i>
The 6th Meeting of the 6th Board of Directors	December 16, 2022	December 17, 2022	For details, refer to the <i>Announcement on Resolutions of the 6th Board Meeting of the 6th Board of Directors (No. 2022-090) disclosed on www.cninfo.com.cn.</i>

2. Attendance of directors at board meetings and shareholders' meetings

Attendance of directors at board meetings and shareholders' meetings							
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' meetings (times)
Li Yongxin	7	7	0	0	0	N/A	2
Wang Zhendong	7	7	0	0	0	N/A	2
Shi Lei	7	7	0	0	0	N/A	2
Yi Ziting	7	7	0	0	0	N/A	2
Wang Qiang	1	0	1	0	0	N/A	0
Tong Yan	1	0	1	0	0	N/A	0
Zhang Xuanming	7	0	7	0	0	N/A	1
Jiang Tao	6	0	6	0	0	N/A	0
Chen Yuqin	6	0	6	0	0	N/A	1

Explanation of non-attendance in person for two consecutive times

None

3. Particulars about directors objecting on relevant issues of the Company

Whether there were any objections on relevant issues of the Company from directors

Yes No

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

4. Other explanations on the performance of duties by directors

Whether relevant advice to the Company from directors were adopted

Yes No

Explanation of advice from directors to the Company being adopted or not being adopted

During the reporting period, the Company's directors scrupulously exercised their rights and performed their duties in strict accordance with relevant regulations. They carefully reviewed the issues raised by the Board of Directors and the professional committees and actively expressed opinions and views. 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 Company. For more details, please refer to the *2022 Independent Directors' Debriefing Report* published on www.cninfo.com on the same day as this annual report.

Section VII. Performance of duties by special committees under the Board during the reporting period

Committee	Member	Times of meetings	Convening date	Contents of meetings	Important comments and suggestions put forward	Other particulars about the performance of duties	Details of objections (if any)
Audit Committee	Shi Lei, Jiang Tao, Chen Yuqin	6	January 24, 2022	1.Proposal on Election of the Chairman and Members of the Audit Committee of the Sixth Session of the Board of Directors 2.The Company's Internal Audit Report for Q4 2021 3.The Company's Annual Internal Audit Report for 2021	The Company was advised to strengthen internal control to prevent operational risks.	Performing duties in strict accordance with laws and regulations	None
			April 27, 2022	1. 2021 Annual Self-evaluation Report on Internal Control 2.Review on 2021 Annual Audit Report 3.Proposal on the Estimated Amount of Daily Related-	The Company was advised to enhance efforts to reduce costs and increase efficiency, maintain	Performing duties in strict accordance with	None

			Party Transactions in 2022 4.Proposal on Appointment of the Audit Institution in 2022 5.Job Evaluation of the Audit Institution in 2021 6.Full Text and Main Body of the 2022 First Quarter Report 7.2022 First Quarter Internal Audit Report	refined operations, strengthen capital planning and control, remain cautious on investment, and maintain a healthy financial structure and cash flow to cope with complex external environmental impacts.	laws and regulations	
		August 18, 2022	1.Full Text and Abstract of 2022 Semi-annual Report 2.2022 Second Quarter Internal Audit Report	The Company was advised to balance income and costs, be profit-oriented, and optimize product structure	Performing duties in strict accordance with laws and regulations	None
		October 20, 2022	1. Full Text and Main Body of 2022 Third Quarter Report 2.2022 Third Quarter Internal Audit Report	None	Performing duties in strict accordance with laws and regulations	None
		November 2, 2022	Proposal on the Company's controlling shareholder providing loans to the Company's wholly-owned subsidiaries	The Company was advised to actively raise funds through multi-channels to solve the current problems of temporary financial pressure.	Performing duties in strict accordance with laws and regulations	None
		December 15, 2022	1. Proposal on the Company's controlling shareholder providing loans to the Company's wholly-owned subsidiaries 2.2022 Annual Internal Audit	None	Performing duties in strict accordance with laws and	None

				Plan		regulation s	
Remuneratio n and Appraisal Committee	Chen Yuqin, Jiang Tao, Wang Zhendong	2	January 24, 2022	Proposal on Election of the Chairman and Members of the Remuneration and Appraisal Committee of the Sixth Board of Directors	None	Performin g duties in strict accordanc e with laws and regulation s	None
			April 25, 2022	Proposal on the 2022 Remuneration Plan for the Company's Directors, Supervisors and Senior Executives	The Company was advised to actively motivate employees through multiple channels to improve employees' sense of belonging and achievement	Performin g duties in strict accordanc e with laws and regulation s	None
Nomination Committee	Zhang Xuanming, Jiang Tao, Li Yongxin	3	January 6, 2022	Proposal on Election of Non- Independent Director Candidates for the Sixth Board of Directors Proposal on Election of Independent Director Candidates for the Sixth Board of Directors	None	Performin g duties in strict accordanc e with laws and regulation s	None
			January 17, 2022	Proposal on the Election of the Chairman and Members of the Nomination Committee of the Sixth Board of Directors	None	Performin g duties in strict accordanc e with laws and regulation s	None
			April 11, 2022	Proposal on the Performance of Duties of Professional Committees under the Board of Directors	None	Performin g duties in strict accordanc e with laws and regulation s	None

			January 17, 2022	Proposal on the Election of the Chairman of the Strategy and Investment Committee of the Sixth Board of Directors	None	Performing duties in strict accordance with laws and regulations	None
Strategy and Investment Committee	Li Yongxin, Shi Lei and Chen Yuqin	2	April 27, 2022	<p>1. Summary of the Company's 2021 Business Condition and 2022 Business Strategy Analysis</p> <p>2. Proposal on the Company's 2022 Profits Distribution</p>	<p>The Company was advised to actively rectify the problems that occurred in its business development over the past year, make up for the deficiencies in the management process, improve the weak parts in the budget work and fully launch the new year's business promotion plan. Measures, including comprehensive adjustment of the product structure, internal optimization by reducing cost and enhancing efficiency, accelerated online and offline integration and rapid deployment of new vocational education business, should be taken to facilitate the Company to return to the development track as soon as</p>	Performing duties in strict accordance with laws and regulations	None

					possible.		
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Section VIII. 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 IX. Employees of the Company

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

Number of current employees of the parent company at the end of the reporting period (person)	0
Number of current employees of the major subsidiaries at the end of the reporting period (person)	22,652
Total number of current employees at the end of the reporting period (person)	22,652
Total number of employees receiving remuneration from the Company during the reporting period (person)	22,652
Number of retired employees for which the parent company and major subsidiaries need to bear the expenses (person)	0
Role type	
Category	Number (person)
Management personnel	2,337
R&D staff	1,694
Teachers	9,024
Customer service staff	2,494
Marketing staff	7,103
Total	22,652
Educational background	
Category	Number (person)
Master's degree and above	4,363
Bachelor's degree	16,739
Postsecondary specialised college	1,538
Secondary specialised school and below	12

Total	22,652
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2. Remuneration policy

During the reporting period, the Company, based on the post value, set salary difference scientifically and further improved the performance appraisal system of human resources. The Company regularly and comprehensively evaluated employees' working skills 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 will be 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. The Company accelerated the trend of online learning for all staff. By integrating online and offline resources, the Company has realized the plan of the whole curriculum system sharing, empowering employees with more opportunities to learn and grow.

In terms of training organizing, the Company mobilized human resources department both at the headquarter and branches as well as management personnel to ensure that the staff trainings are well organized. The human resources department at the headquarter are responsible for the "planning, research and coordination" of the Company's overall training, focusing on the construction of training resources and training platform as well as the design and implementation of key talent training projects. The human resources departments of branches are responsible for exploring the training needs of employees, providing training solutions, executing the training plans, and focusing on the daily-basis operation and training. Management personnel are responsible for employees' ability-building, taking training of team members as part of their work tasks, so as to foster more talents for the Company.

4. Labor outsourcing

Applicable Not applicable

Section X. Profit distribution of the Company and conversion of capital reserve into share capital

The formulation, implementation and adjustment of the profits distribution policy, especially the cash dividends policy, during the

reporting period.

Applicable Not applicable

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

Applicable Not applicable

Profit distribution and conversion of capital reserve into share capital during the reporting period

Applicable Not applicable

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

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

Applicable Not applicable

There were no equity incentive plan, employee stock ownership plan or other employee incentive measures being implemented during the reporting period of the Company.

Section XII. Establishment and implementation of the Company's internal control system during the reporting period

1. The establishment and implementation of the Company's internal control

During the reporting period, in accordance with the *Basic Standards for Enterprise Internal Control* as well as its corresponding supporting regulations, and the Company's *Regulations of Internal Audit*, based on regular supervision and special supervision of internal control, the Company, adhering to the risk-oriented principle, continuously improves and optimizes its internal control system to adapt to the ever-changing external environment and meet the internal management requirements. The Company's Board of Directors establishes, improves and effectively implements internal control, evaluates its effectiveness, and truthfully discloses the evaluation report on internal control, in accordance with the regulations of the Company's internal control standard system; the Supervisory Committee supervises the Board of Directors on the establishment and implementation of internal control. The Company's management personnel take responsibility for organizing and leading the regular operation of the Company's internal control. The Company established an internal audit department equipped with full-time auditors and formulated internal audit-related management regulations. The internal audit department is responsible for and reports to the Audit Committee of the Board of Directors; in accordance with the requirements of national laws, rules and regulations, the internal audit department independently and objectively exercises its powers of internal audit,

inspects and supervises the internal control of the Company and its controlled subsidiaries, conducts internal audit for their finance and operations, provides audit suggestions,, and implements the internal control rectification.

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

Yes No

Section XIII. The Company's management and control of subsidiaries during the reporting period

Not applicable

Section XIV. Self-evaluation report or audit report on internal controls

1. Self-evaluation report on internal controls

Disclosure date of full text of self-evaluation report on internal control	April 28, 2023	
Disclosure index of full text of self-evaluation report on internal control	CNINFO (www.cninfo.com.cn) <i>Offcn Education Technology Co., Ltd. 2022 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	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	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

	<p>issued financial statements; ③Material misstatement in current financial statements that are 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 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>business; ⑤Rectifications are not made for the material weaknesses or significant deficiencies in the Company's internal control.</p> <p>Significant Deficiency: one deficiency, or a combination of deficiencies in internal control that is less severe or 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>	Refer to the quantitative criteria for the evaluation of internal control deficiencies in financial reports.
Number of material weaknesses in the financial report		0
Number of material weaknesses in the none-financial report		0
Number of significant deficiencies in the financial report		0
Number of significant deficiencies in the non-financial report		0

2. Audit report on internal control

√Applicable Not applicable

Deliberative opinions section in audit report on internal control	
Offcn Education maintained effective internal control related to financial reporting in all important respects on December 31, 2022 in accordance with the Basic Standards for Enterprise Internal Control and relevant regulations.	
Disclosure of audit report on internal control	Disclosure
Disclosure date of the full text of audit report on internal control	April 28, 2023

Disclosure index of the full text of audit report on internal control	Offcn Education Technology Co., Ltd. 2022 Annual Audit Report on Internal Control disclosed on www.cninfo.com.cn
Types of opinions on audit report on internal control	standard unmodified opinion
Whether there are material deficiencies in non-financial reporting	No

Whether the accounting firm issued the audit report on internal control with non-standard opinions

Yes No

Whether the audit report on internal control issued by the accounting firm is consistent with the self-evaluation report of the board of directors

Yes No

Section XV. Special actions on self-examination and rectification of the listed Company's governance

Not applicable

Chapter 5 Environmental and Social Responsibilities

Section I. Environmental protection

Do the listed Company and its subsidiaries belong to the major pollutant discharge units announced by the Ministry of Ecology and Environment?

Yes No

Situations of receiving administrative penalty due to environmental issues during the reporting period

Not applicable

Other environmental information disclosed in reference with major pollutant discharge units

The Company always practices its corporate social responsibilities, complies with national and local laws and regulations on environmental protection and emission targets, conscientiously implements various environmental protection management regulations, and continuously promotes 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, and encourages its employees to carry out green volunteer activities to jointly contribute to the harmonious development of society. During the reporting period, the Company had no violations of environmental protection laws and regulations and no disputes over pollution accidents, and was not subject to administrative penalties for violating relevant environmental protection laws and regulations.

Measures taken to reduce carbon emissions during the reporting period and their effects

Applicable Not applicable

Reasons of not disclosing other environmental information

Applicable Not applicable

Section II. Social Responsibilities

For details of the Company's performance of social responsibilities, please refer to the *2022 Annual Report on Social Responsibilities of OFFCN EDU* disclosed by the Company on CNINFO (www.cninfo.com) on the same day.

Section III. Conducts to consolidate and expand the achievements of poverty alleviation and rural revitalization

Applicable Not applicable **Chapter 6 Significant Events**

Section I. Fulfillment of commitments

1. Commitments that the Company's actual controllers, shareholders, related parties, acquirers, the Company itself 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

The commitments made by all parties involved in major asset restructuring are as follows:

Commitment Party	Commitment Type	Main contents of commitment	Commitment time	Commitment period	Performance
Yaxia Industrial, Zhou Xiayun, Zhou Hui, Zhou Li, Phase-I employee stock ownership plan	Letter of commitment on lock-up period	1. Within 36 months after the completion of the transaction (starting from the date of the listing of shares issued in this transaction), the shares of Yaxia Auto that held by the company/myself/the plan with rights and interests shall not be transferred. 2. After the completion of the transaction, the shares held by the company/myself/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. 3. If the China Securities Regulatory Commission (CSRC) and/or Shenzhen Stock Exchange (SSE) 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 CSRC and/or SSE. If violating the above commitments, the company/I/the plan will bear all losses caused to Yaxia Auto.	May 4, 2018	Jan. 31, 2022	Fulfilled
Li Yongxin	Letter of Commitment on lock-up	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	Apr. 27, 2018	Jan. 31, 2022	Fulfilled

	period for subscription of shares	<p>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 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 CSRC 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 or the latest regulatory requirements of the securities regulatory institution, I agree to implement the arrangement in accordance with the latest laws and</p>			
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		<p>regulations and the requirements of the securities regulatory institution.</p> <p>7. After the lock-up period expires, it will be implemented in accordance with the relevant regulations of CSRC and SSE.</p>			
Lu Zhongfang	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. 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 CSRC 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</p>	April 27, 2018	Jan 31, 2022	Fulfilled

		<p>arrangement does not comply with the latest laws and regulations or 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 securities regulatory institution.</p> <p>6. After the lock-up period expires, it will be implemented in accordance with the relevant regulations of CSRC and SSE.</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, etc.)</p> <p>2. The enterprise promises to abide by the following provision: if the transaction is investigated by judiciary authorities or CSRC 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 enterprise's 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>4. If the aforementioned lock-up period arrangement does not comply with the latest laws</p>	July 27, 2018	Jan. 31, 2022	Fulfilled

		<p>and regulations or 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 securities regulatory institution.</p> <p>5. After the lock-up period expires, it will be implemented in accordance with the relevant regulations of CSRC and SSE.</p>			
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>	April 27, 2018	Jan 31, 2022	Fulfilled
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 Auto held by Beijing Offcn Future Information Consulting Center (Limited Partnership).</p>	July 27, 2018	Jan 31, 2022	Fulfilled
Li Yongxin, Lu Zhongfang, Wang Zhendong, Offcn Partnership	Letter of commitment on maintaining independence of the listed Company	<p>1. 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 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</p>	April 27, 2018	Long-term	Under normal implementation

		<p>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>2. 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 supervisory committee shall independently exercise their powers in accordance with laws, regulations and the Company's <i>Articles of Corporation</i>.</p> <p>3. 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, or other related parties, such as companies, enterprises or economic organizations, controlled by myself or Offcn Partnership.</p> <p>4. Guarantee the independence of the listed Company's business.</p> <p>(1) It is guaranteed that after the completion of this</p>			
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		<p>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 fair way and perform relevant approval processes and information disclosure obligations in accordance with relevant laws, regulations and regulatory documents.</p> <p>5. 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>			
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		<p>(4) It is guaranteed that after the completion of this 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>			
<p>Li Yongxin, Lu Zhongfang</p>	<p>Letter of commitment on avoiding horizontal competition</p>	<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 Li Yongxin serving as a director in Kunming Wuhua Offcn training school, which is affiliated to Offcn Online, I neither hold any full-time or part-time positions nor provide 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</p>	<p>September 20, 2018</p>	<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</p>	<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>

		<p>signing this commitment letter, I will urge Offcn Online to cancel 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 formal promulgation and implementation of the amended <i>Implementing Regulations of the Law on the Promotion of Private Education of the People's Republic of China (hereinafter referred to as Implementing Regulations)</i> and the promulgation and implementation of the supporting regulations formulated by the relevant local education authorities in accordance with the amended <i>Implementing Regulations</i>.</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 Non-enterprise Schools Affiliated to Beijing Offcn Education Technology Co., Ltd.</i> Li Yongxin is willing to entrust the transferred 33 private non-enterprise schools to Offcn Ltd. and signed the <i>Trusteeship Agreement of Private Non-enterprise Schools</i>.</p> <p>4. After the completion of this 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 or 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 or competitive businesses with the listed Company, including:</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</p>	<p>after the formal promulgation and implementation of the <i>Implementing Regulations</i> and the promulgation and implementation of the supporting regulations formulated by the relevant local education authorities in accordance with the amended <i>Implementing Regulations</i>.</p>	
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		<p>the listed Company and its affiliates.</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 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 or 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 agreement, I will attempt to transfer these business opportunities to the listed Company and its affiliates.</p> <p>6. I guarantee that I will 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 shall 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</p>			
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		<p>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 starting from the signing date of the commitment letter, 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 commitment letter, myself, my close relatives and other companies, enterprises or economic organizations controlled by myself, my close relatives or Offcn Partnership, 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 Wang Zhendong serving as a director in Kairuier Training School in Haidian District of Beijing, which is 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 no longer hold the post as a director in the school), I neither hold any full-time or part-time positions nor provide 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. After the completion of this transaction, I/Offcn Partnership promise(s) 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, my close relatives or Offcn Partnership shall not in any way</p>	April 27, 2018	Long-term	Under normal implementation

		<p>(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 or competitive businesses with the listed Company, including:</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 affiliates.</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/Offcn Partnership will not instigate, mislead, encourage or otherwise 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/Offcn Partnership 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 or other related parties, such as companies, enterprises or other economic organizations controlled by myself, my close relatives or 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 notify the listed Company immediately, and transfer these business opportunities to the listed Company and its affiliates after obtaining the third party's agreement.</p> <p>4. I/Offcn Partnership guarantee(s) that I/Offcn Partnership will never use my knowledge about and</p>			
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		<p>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 Company and its affiliates. 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 the above-mentioned commitments.</p>			
<p>Li Yongxin, Lu Zhongfang</p>	<p>Letter of Commitment on reducing and regulating related-party transactions</p>	<p>1. After the completion of this transaction, 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 or 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 completion of this transaction, 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 or 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 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 this 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</p>	<p>July 27, 2018</p>	<p>Long-term</p>	<p>Under normal implementation</p>

		<p>conditions or engage in any behaviors that would damage the interests of the listed Company.</p> <p>4. I will urge my close relatives and other companies, enterprises and other economic organizations controlled by myself or my close relatives to fulfill the aforementioned commitments.</p> <p>5. If I, my close relatives and other companies, enterprises and other economic organizations controlled by myself or my close relatives violate the above commitments, the profits 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 written notice from the listed Company, compensation shall be made in cash.</p> <p>6. The commitment is valid starting from the signing date of the commitment letter, to the time when I cease to be the actual controller of Yaxia Auto or have any other related relationship with Yaxia Auto.</p>			
Wang Zhendong, Aerospace Industry, Offcn Partnership	Letter of Commitment on reducing and regulating related-party transactions	<p>1. After the completion of this transaction, during the time of being the actual controller/shareholder of the listed Company, I, my close relatives, Aerospace Industry, Offcn Partnership 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 and its affiliates.</p> <p>2. After the completion of this transaction, for the related-party transactions which are unavoidable or reasonable to happen with the listed Company and its affiliates, I, my close relatives, Aerospace Industry, Offcn Partnership and other companies, enterprises or economic organizations controlled by myself, my close relatives, Aerospace Industry or Offcn Partnership, will 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 disclosure obligations and relevant reporting and approval procedures regarding the related-party transactions shall be followed and fulfilled in accordance with the relevant laws,</p>	April 27, 2018	Long- term	Under normal implementatio n

		<p>regulations and regulatory documents. 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 this transaction, I/Aerospace Industry/Offcn Partnership 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 Company. 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

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

Applicable Not applicable

During the reporting period, there was no such situation for the Company.

Section III. Illegal external guarantee

Applicable Not applicable

There is no illegal external guarantee in the Company during the reporting period.

Section IV. Statement of the Board of Directors on the latest "non-standard audit report"

Applicable Not applicable

Section V. Statement of the Board of Directors, Supervisory Committee, and independent directors (if any) on the accounting firm's "non-standard audit report" during the reporting period

Applicable Not applicable

Section VI. Particulars of changes in accounting policies and accounting estimates or corrections of major accounting errors compared with the financial report of the previous year

Applicable Not applicable

There is no changes in accounting policies and accounting estimates or corrections of major accounting errors during the reporting period of the Company.

Section VII. 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. Sichuan Offcn Luming Cultural Media Co., Ltd.	100.00	Newly established
2. Beijing Offcn Shengjing Education Technology Co., Ltd	100.00	Newly established
3. Henan Offcn Education Consulting Co., Ltd	100.00	Newly established
4. Lhasa Offcn Training School Co., Ltd	100.00	Newly established
5. Tianjin Offcn Technology Co., Ltd	100.00	Newly established
6. Tianjin Jinnan Offcn Lexue Training School Co., Ltd	100.00	Newly established
7. Tianjin Baodi Offcn Lexiang Training School Co., Ltd.	100.00	Newly established
8. Tianjin Jizhou Offcn Lecheng Training School Co., Ltd.	100.00	Newly established
9. Nantong Sigang Huizhi Technology Co., Ltd	51.00	Newly established

Section VIII. Appointment and dismissal of the CPA firm

CPA firm appointed at present

Name of the domestic CPA firm	Baker Tilly China Certified Public Accountants LLP
Remuneration of domestic CPA firm (RMB Million Yuan)	1.80
Consecutive years of the audit service of domestic CPA firm	5 years
Name of the CPAs in domestic CPA firm	Zhou Baiming, Li Qiang
Consecutive years of audit service of the CPAs of domestic CPA firm	5 consecutive years for Zhou Baiming and 2 years for Li Qiang

Whether to reappoint another CPA firm in the current period

Yes No

Appointment of internal control auditing CPA firms, financial consultants or sponsors

Applicable Not applicable

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

Applicable Not applicable

Section X. 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 XI. Major litigation and arbitration matters

Applicable Not applicable

There is no major litigation or major arbitration during the reporting period.

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 17.8630 million yuan, and the actual amount of judgments in effective legal documents was approximately RMB 1.8651 million yuan. The results of the litigation cases 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 41.9088 million yuan, and the amount of litigation involved in these pending cases accounted for 5.37% of the unaudited net assets attributable to shareholders of the listed Company in 2022, which had no significant impact on the Company's operations.

Section XII. Penalties and rectifications

√ Applicable □ Not applicable

Name	Type	Reason	Type of investigation and punishment	Conclusion (if any)	Date of disclosure	Index of disclosure
Offcn Education Technology Co., Ltd.	Other	Failing to disclose related-party transaction information and violating the laws and regulations of information disclosure	Filed and investigated by China Securities Regulatory Commission (CSRC) or punished administratively	Ordered to make corrections, given a warning, and imposed a fine of RMB 4 million	Apr. 28, 2022	The Announcement on Offcn Education Technology Co., Ltd. and the Relevant Parties' Reception of Decision of Administrative Penalty (No. 2022-032) disclosed on www.cninfo.com.cn.
Li Yongxin	Actual controller	Failing to disclose related-party transaction information and violating the laws and regulations of information disclosure	Filed and investigated by China Securities Regulatory Commission (CSRC) or punished administratively	Given a warning, and imposed a fine of RMB 2 million	Apr. 28, 2022	The Announcement on Offcn Education Technology Co., Ltd. and the Relevant Parties' Reception of Decision of Administrative Penalty (No. 2022-032) disclosed on www.cninfo.com.cn
Shi Lei	Director	Failing to disclose related-party transaction information and violating the laws and regulations of information disclosure	Filed and investigated by China Securities Regulatory Commission (CSRC) or punished administratively	Given a warning, and imposed a fine of RMB 2 million	Apr. 28, 2022	The Announcement on Offcn Education Technology Co., Ltd. and the Relevant Parties' Reception of Decision of Administrative Penalty (No. 2022-032) disclosed on www.cninfo.com.cn
Wang Zhendong	Senior executive	Failing to disclose related-party transaction information	Filed and investigated by China Securities Regulatory Commission	Given a warning, and imposed a fine of RMB 1 million	Apr. 28, 2022	The Announcement on Offcn Education Technology Co., Ltd. and the Relevant Parties' Reception of Decision of Administrative Penalty (No. 2022-032) disclosed on

		and violating the laws and regulations of information disclosure	(CSRC) or punished administratively			www.cninfo.com.cn.
Gui Hongzhi	Senior executive	Failing to disclose related-party transaction information and violating the laws and regulations of information disclosure	Filed and investigated by China Securities Regulatory Commission (CSRC) or punished administratively	Given a warning, and imposed a fine of RMB 0.5 million	Apr. 28, 2022	The Announcement on Offcn Education Technology Co., Ltd. and the Relevant Parties' Reception of Decision of Administrative Penalty (No. 2022-032) disclosed on www.cninfo.com.cn.
Luo Xue	Senior executive	Failing to disclose related-party transaction information and violating the laws and regulations of information disclosure	Filed and investigated by China Securities Regulatory Commission (CSRC) or punished administratively	Given a warning, and imposed a fine of RMB 0.5 million	Apr. 28, 2022	The Announcement on Offcn Education Technology Co., Ltd. and the Relevant Parties' Reception of Decision of Administrative Penalty (No. 2022-032) disclosed on www.cninfo.com.cn.

Particulars on rectification

Applicable Not applicable

On April 27, 2022, the Company and the relevant parties received the official *Decision of Administrative Penalty* from Anhui Securities Regulatory Bureau of CSRC. In response to this administrative penalty, the Company has completed the rectification in strict accordance with the requirements. The Company will learn lessons, strengthen the standardization of internal governance, strictly abide by relevant laws and regulations, and comprehensively improve the level of compliance management and internal control to avoid the recurrence of similar problems.

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

Applicable Not applicable

Section XIV. Significant related-party transactions

1. Related-party transactions relevant to daily operations

√Applicable □Not applicable

Related party	Ji'an Jingkai Lixiangxue Financial Information Service Co., Ltd. / Shanghai Beiding Network Technology Co., Ltd.	Total
Relationship	Enterprise controlled by the director of the Company	
Type of related-party transaction	Purchasing products and goods from the related party	
Content of related-party transaction	Commission fee	
Pricing principle for related-party transaction	Fair market pricing	--
Price of related-party transaction	Fair market pricing	--
Amount of related-party transaction (RMB 10 thousand yuan)	7,801.04	7,801.04
Proportion of the amount of similar transactions	5.77%	--
Approved transaction limit (RMB 10 thousand yuan)	7,800	7,800
Whether exceeding the approved transaction limit	Yes	--
Settlement method of related-party transaction	Wire transfer	--
Available market price for similar transactions	None	--
Date of disclosure	April 29, 2022	--
Index of disclosure	CNINFO (http://www.cninfo.com.cn) <i>Announcement on the Estimated Limit of Daily Related-party Transactions in the Year of 2022 (No. 2022-035)</i>	--
Details of large sales returns	N/A	
Actual performance during the reporting period of the total amount of the daily related-party transactions estimated by categories in this period (if any)	N/A	
Reasons for large differences between transaction prices and market reference prices (if applicable)	N/A	

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

Applicable Not applicable

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

4. Related credit and debt transactions

Applicable Not applicable

Debt payable to related parties:

Related party	Relationship	Reason	Opening balance(RMB 10 thousand yuan)	Newly added amount in current period (RMB 10 thousand yuan)	Repayment amount in current period (RMB 10 thousand yuan)	Interest rate	Interest in current period (RMB 10 thousand yuan)	Closing balance (RMB 10 thousand yuan)
Lu Zhongfang	Person in concert with the actual controller	Shareholder loans	0	95,924	0	0.00%	0	95,924
The influence of related debt on the Company's operation results and financial status		Enhancing the liquidity of the Company's funds.						

5. Transactions with related financial companies

Applicable Not applicable

There is no deposit, loan, credit or other financial business between the Company and its related financial companies or other related parties.

6. Transactions between the financial company controlled by the Company and related parties

Applicable Not applicable

There is no deposit, loan, credit or other financial business between the financial company controlled by the Company and related parties.

7. Other significant related-party transactions

Applicable Not applicable

There is no other significant related-party transaction in the Company during the reporting period.

Section XV. Major contracts and their performance

1. Trusteeship, contracting and leasing matters

(1) Trusteeship

Applicable Not applicable

Details of trusteeship

On September 20, 2018, Offcn Ltd. and Li Yongxin signed *Agreement on Transfer of Organizer's Rights of Non-enterprise Private Schools 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 Non-enterprise Schools* stipulating that Li Yongxin would entrust the transferred private non-enterprise schools to Offcn Ltd. for management. The period of trusteeship started from the date when Li Yongxin paid all the transfer price to the date when the private non-enterprise 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 of the reporting period

Applicable Not applicable

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

(2) Contracting

Applicable Not applicable

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

(3) Leasing

Applicable Not applicable

There was no leasing 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. Particulars about entrusted cash assets

(1) Particulars about entrusted financial management

Applicable Not applicable

Particulars about entrusted financial management during the reporting period

Unit: RMB 10 thousand yuan

Type	Source of entrusted financing	Amount of entrusted financing	Undue balance	Overdue amount yet to be recovered	Impairment accrued of the overdue financial product yet to be recovered
Bank financial product	Self-owned fund	10,870	0	0	0
Total		10,870	0	0	0

Particulars of high-risk entrusted financial management with a large single amount, low security or poor liquidity

Applicable Not applicable

It is estimated that the principal of the entrusted financing cannot be recovered or there are other cases that may cause impairments to the entrusted financing.

Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable

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

4. Other significant contracts

Applicable Not applicable

Name of the contracting company	Name of contracting party	Contract subject	Date of contract signing	Name of evaluation agency	Pricing principle	Price of trading	Whether related-party transaction	Relation of connection	Performance as of the date of the reporting period	Date of disclosure	Index of disclosure
Beijing Offcn Education Technology Stock Co., Ltd.	Beijing Jingchen Runye 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 market pricing	9,810.87	No	No	Executing	Dec. 1, 2018	Juchao Information Network (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 Runye 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 small buildings) and Building No. 1 in Area D, etc.	Jan. 1, 2020	Not applicable	Fair market pricing	5,056.83	No	No	Executing	—	—
Beijing Offcn Education Technology Co., Ltd.	Beijing Guangyuan Huifeng Construction Engineering Co., Ltd.	Renovation project of branches of Offcn Edu	Sept. 3, 2017	Not applicable	Fair market pricing	30,000.00	No	No	Completed	Dec. 1, 2018	Juchao Information Network (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 market pricing	10,753.69	No	No	Completed	Dec. 1, 2018	Juchao Information Network (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.	Shenyang Lijing Pearl Hotel Management Co., Ltd.	Lease is located in Building No.129, Beishuncheng Road, Shenhe District, Shenyang	Jul. 1, 2016	Not applicable	Fair Market pricing	25,090.48	Yes	Enterprise actual-controlled by the director of the Company	Executing	Dec. 1, 2018	Juchao Information Network (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 Chuangsheng Construction Decoration Engineering Co., Ltd.	Renovation Project of Offcn branches	Aug. 7, 2019	Not applicable	Fair market pricing	40,374.70	Yes	Enterprise actual-controlled by the director of the Company	Completed	—	—
Beijing Offcn Education Technology Co., Ltd.	Beijing Huaxia Shunxin Property Management Co., Ltd.	The lease is located in Huicong Park, Qiliqunan Village, Shahe Town, Changping District, Beijing	May 26, 2020	Not applicable	Fair market pricing	29,009.51	No	No	Executing	—	—
Beijing Offcn Education Technology Co., Ltd.	Hainan Jiahexin Technology Co., Ltd./ Beijing Wushuang Technology Co., Ltd.	Network promotion service	Mar. 24, 2021	Not applicable	Fair market pricing	15,000.00	No	No	Executing	—	—
Beijing Offcn Education Technology Co., Ltd.	Shaanxi Guancheng Industrial Co., Ltd.	Asset acquisition	Feb. 26, 2020	Not applicable	Fair market pricing	38,306.00	Yes	Enterprise actual-controlled by the director of the Company	Executing	—	—
Beijing Offcn Education Technology Co., Ltd.	Liaoning Hanhui Industrial Co., Ltd.	Asset acquisition	Jan. 13, 2020	Not applicable	Fair market pricing	20,000.00	Yes	Enterprise actual-controlled by the director of the Company	Terminated	—	—

Section XVI. Other significant events

Applicable Not applicable

On December 15, 2021, the Company received the *Notice of Filing* (No. SR Filing 0232021010) from the CSRC for being suspected of failing to disclose related-party transaction information and violating the laws and regulations of information disclosure.

On April 27, 2022, the Company and the relevant parties received the official Decision of Administrative Penalty from the Anhui Securities Regulatory Bureau, which determines Offcn Edu, its subsidiaries Beijing Offcn Education Technology Co., Ltd. and Liaoning Zhongcheng Real Estate Development Co.,Ltd. constitute a related-party relationship with Shaanxi Guancheng Industrial Co., Ltd., Beijing Chuangsheng Construction Decoration Engineering Co., Ltd., Shanghai Beiding Network Technology Co., Ltd., Ji'an Jingkai Lixiangxue Financial Information Service Co., Ltd. and Liaoning Hanhui Industrial Co., Ltd.. The total amount involved in related transactions was RMB 1232.395 million yuan, including RMB 196.335 million yuan in year 2019 and RMB 1036.060 million yuan in year 2020, which account for 6.65% and 30.19% of the net assets of Offcn Edu in the latest period respectively. The Company did not disclose the above-mentioned information in accordance with relevant laws and regulations and there was a material omission of the Company's information disclosure. A warning was given to and a fine was imposed on the Company and the relevant persons responsible for the situation, and corresponding rectification is required. Specific information is stated in the announcement (No. 2022-032) disclosed by the Company on CNINFO (www.cninfo.com.cn) and other designated media for information disclosure.

On August 24, 2022, the Company and the relevant parties received the Decision on Publicly Reproaching Offcn Education Technology Co., Ltd. and Corresponding Parties from Shenzhen Stock Exchange. In response to the above-mentioned failure to truthfully disclose related party relationships and transactions in accordance with regulations, the Shenzhen Stock Exchange publicly reproached the Company and its chairman Li Yongxin, director and general manager Wang Zhendong, director Shi Lei, CFO Luo Xue, and board secretary Gui Hongzhi.

Section XVII. Significant events of the Company's subsidiaries

Applicable Not applicable

Chapter 7 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	4,564,776,021	74.01%				-3,076,550,617	-3,076,550,617	1,488,225,404	24.13%
(1) Shares held by state									
(2) Shares held by state-owned legal person									
(3) Other shares held by domestic capital	4,564,776,021	74.01%				-3,076,550,617	-3,076,550,617	1,488,225,404	24.13%
Of which: shares held by domestic legal person	89,117,723	1.44%				-89,117,723	-89,117,723	0	0.00%
Shares held by domestic natural person	4,475,658,298	72.57%				-2,987,432,894	-2,987,432,894	1,488,225,404	24.13%
(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	1,602,623,368	25.99%				3,076,550,617	3,076,550,617	4,679,173,985	75.87%
(1) RMB ordinary shares	1,602,623,368	25.99%				3,076,550,617	3,076,550,617	4,679,173,985	75.87%
(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

Mainly due to the release of sales restrictions on part of the shares issued by the major asset restructuring and the change of key executive's lock-up shares during the reporting period

Approval of changes in shares

Applicable Not applicable

Transfer of share changes

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 shares with sales restrictions

Applicable Not applicable

Unit: share(s)

Name of shareholder	Number of shares with sales restrictions at the beginning of the period	Number of shares with sales restrictions increased in the period	Number of shares with sales restrictions released in the period	Number of shares with sales restrictions at the end of the period	Reasons for sales restrictions	Date of releasing restrictions on sales
Li Yongxin	1,131,070,121		282,508,780	848,561,341	Releasing sales restriction on shares from major assets replacement and shares issued for assets purchase; Change of key executive's lock-up shares.	November 30, 2022
Lu Zhongfang	2,550,549,260		2,550,549,260	0	Releasing sales restriction on shares from major assets replacement and shares issued for assets purchase	November 2, 2022
Wang Zhendong	721,853,563		82,189,500	639,664,063	Releasing sales restriction on shares	According to

					from major assets replacement and shares issued for assets purchase; Change of key executive's lock-up shares.	the relevant regulations of senior executive's lock-up shares
Guo Shihong	36,092,677		36,092,677	0	Change of key executive's lock-up shares.	According to the relevant regulations of senior executive's lock-up shares
Zhang Yongsheng	36,092,677		36,092,677	0	Change of key executive's lock-up shares.	According to the relevant regulations of senior executive's lock-up shares
Beijing Kerui Technology Innovation Investment Center (Limited Partnership)	89,117,723		89,117,723	0	Releasing sales restriction on shares from major assets replacement and shares issued for assets purchase.	February 11, 2022
Total	4,564,776,021	0	3,076,550,617	1,488,225,404	—	—

Section II. Issuance and listing of securities

1. Issuance of securities (excluding preferred shares) during the reporting period

Applicable Not applicable

2. Explanation of changes in the Company's total shares and shareholder structure, and changes in the Company's asset and liability structure

Applicable Not applicable

3. Existing internal employee shares

Applicable Not applicable

Section III. Shareholders and actual controllers

1. Numbers of Shareholders and Shareholdings

Unit: Share(s)

Total number of shareholders with ordinary shares at the end of the reporting period	207,174	Total number of shareholders with ordinary shares at the end of the previous month before the disclosure date of the annual report	206,003	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 have been restored at the end of the previous month before the disclosure date of the annual report (if any) (See Note 8)	0	
Shareholders with over 5% shares or top 10 shareholders								
Name of Shareholder	Nature of shareholder	Shareholding Percentage (%)	Total shares held at the end of the reporting period	Increase/decrease of shares during the reporting period	Number of shares held with sales restrictions	Number of shares held without sales restrictions	Pledged, marked or Frozen	
							Status of shares	Number of shares
Li Yongxin	Domestic natural Person	15.77%	972,611,336	-158,803,785	848,561,341	124,049,995	Pledged	606,782,856
Lu Zhongfang	Domestic natural Person	14.94%	921,148,498	-1,629,400,762	0	921,148,498	Pledged	842,500,000
Wang Zhendong	Domestic natural person	12.34%	760,775,418	-92,110,000	639,664,063	121,111,355	Pledged	353,470,000
Hunan Chasing Fund Management Co., Ltd. -- Hunan Chasing Changqin No.1 Fund Partnership	Other	5.51%	339,820,822	339,820,822	0	339,820,822		

(Limited Partnership)								
Shanghai Tuopai Private Funds Management Co., Ltd.— Tuopai Xingfeng No. 9 Private Security Investment Fund	Other	5.00%	308,369,970	308,369,970	0	308,369,970		
Guangzhou Kangqi Asset Management Center (Limited Partnership)— Kangqi Asset Chuxin No.1 Private Security Investment Fund	Other	5.00%	308,369,970	308,369,970	0	308,369,970		
Shanghai Kaishuang Private Funds Management Co., Ltd.— Kaishuang Gongga No. 10 Private Security Investment Fund	Other	2.58%	159,355,594	159,355,594	0	159,355,594		
Hong Kong Securities	Overseas legal person	1.26%	77,568,205	52,563,619	0	77,568,205		

Clearing Co., Ltd.								
Wang Junfei	Domestic natural Person	1.21%	74,883,785	74,883,785	0	74,883,785		
Beijing Kerui Technology Innovation Investment Center (Limited Partnership)	Domestic non-state-owned legal person	0.89%	54,887,323	-34,230,400	0	54,887,323		
Strategic investors or ordinary legal person become the top 10 shareholders by the placement of new shares (if any) (See Note 3)	No							
Description of the above-mentioned shareholders' relationship or concerted actions	<p>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.</p> <p>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 Disclosure of Shareholding Changes in Listed Companies</i>.</p>							
Explanation of the above-mentioned shareholders' entrusting/entrusted voting rights and waiver of voting rights	N/A							
Explanation of for the existence of a special repurchase account among the top 10 shareholders (if any) (See Note 10)	N/A							
Description of top 10 shareholders without sales restrictions								
Name of Shareholder	Number of shares without sales restrictions at the end of the reporting period	Type						
		Type	Quantities					
Lu Zhongfang	921,148,498	RMB ordinary shares	921,148,498					
Hunan Chasing Fund Management Co., Ltd.-Hunan Chasing Changqin No.1 Fund Partnership (Limited Partnership)	339,820,822	RMB ordinary shares	339,820,822					
Shanghai Tuopai Private Funds Management Co., Ltd.-Tuopai Xingfeng No. 9 Private Security Investment Fund	308,369,970	RMB ordinary shares	308,369,970					

Guangzhou Kangqi Asset Management Center (Limited Partnership)-Kangqi Asset Chuxin No.1 Private Security Investment Fund	308,369,970	RMB ordinary shares	308,369,970
Shanghai Kaishuang Private Funds Management Co., Ltd.-Kaishuang Gongga No. 10 Private Security Investment Fund	159,355,594	RMB ordinary shares	159,355,594
Li Yongxin	124,049,995	RMB ordinary shares	124,049,995
Wang Zhendong	121,111,355	RMB ordinary shares	121,111,355
Hong Kong Central Clearing Company Limited	77,568,205	RMB ordinary shares	77,568,205
Wang Junfei	74,883,785	RMB ordinary shares	74,883,785
Beijing Kerui Technology Innovation Investment Center (Limited Partnership)	54,887,323	RMB ordinary shares	54,887,323
Description of the relationship or concerted actions among the top 10 shareholders without sales restrictions, and between the top 10 shareholders without sales restrictions 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. 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 Disclosure of Shareholding Changes in Listed Companies</i> .		
Description of the top 10 ordinary shareholders participating in the margin trading or short selling business (if any)	N/A		

Whether the Company's top 10 ordinary shareholders and top 10 ordinary shareholders without sales restrictions conducted agreed repurchase transactions during the reporting period

Yes No

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

2. The controlling shareholders of the Company

Nature of controlling shareholders: natural person holding

Type of controlling shareholders: natural person

Name of controlling shareholder	Nationality	Whether obtained any permanent residency abroad
Lu Zhongfang	China	No
Li Yongxin	China	No
Major occupations and jobs	Li Yongxin is the Chairman of the Board of the Company.	
Particulars about controlling or holding shares of other companies listed at home and/or abroad during the reporting period	N/A	

Change of controlling shareholder during the reporting period

Applicable Not applicable

Controlling shareholders of the Company did not change during the reporting period.

3. The actual controllers of the Company and the person acting in concert

Nature of actual controllers: domestic natural person

Type of actual controllers: natural person

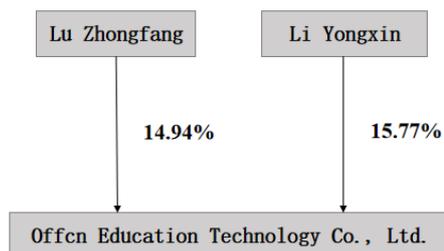
Name of actual controller	Relationship with the actual controller	Nationality	Whether obtained any permanent residency abroad
Lu Zhongfang	herself	China	No
Li Yongxin	himself	China	No
Beijing Offcn Future Information Consulting Center (Limited partnership)	Acting in concert (including agreements, relatives, or under common control)	China	No
Major occupations and jobs	Li Yongxin, the founder and actual controller of the Company, is the current Chairman of the Board of the Company.		
Particulars about controlling shares of other companies listed at home and/or abroad in past 10 years	N/A		

Change of actual controller during the reporting period

Applicable Not applicable

The actual controllers of the Company did not change during the reporting period.

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



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

Applicable Not applicable

4. The Company's controlling shareholder or the largest shareholder and its concert parties have pledged 80% of the number of shares held by them

Applicable Not applicable

5. Other legal person shareholders holding more than 10% of the shares

Applicable Not applicable

6. Controlling shareholders, actual controllers, restructuring parties and other committed entities with restricted shareholding reductions

Applicable Not applicable

Section IV. Details of implementation of share repurchase during the reporting period

Implementation progress of share repurchase

Applicable Not applicable

Implementation progress of reducing repurchased shares by means of centralized bidding

Applicable Not applicable

Chapter 8 Preferred Shares

Applicable Not applicable

There were no preferred shares during the reporting period.

Chapter 9 Corporate Bonds

Applicable Not applicable

Chapter 10 Financial Statements

Section I. AUDITOR'S REPORT

Audit Opinion	Standard unmodified audit opinion
Audit Report sign-off Date	April 27, 2023
Audit Institution Name	Baker Tilly China Certified Public Accountants (LLP)
Audit Report Number	Baker Tilly China [2023] No. 23905
CPA Name	Zhou Baiming, Li Qiang

Auditor's Report

Baker Tilly China [2023] No. 23905

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

I. Opinion

We have audited the accompanying financial statements of Offcn Education Technology Co.,Ltd. (“Offcn Education” or “the Company”), which comprise the consolidated and parent's balance sheets as at 31 December 2022, and the 2022 consolidated and parent's income statements, the consolidated and parent's statement of cash flows and the consolidated and parent'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 Offcn Education present fairly, in all material respects, the consolidated and parent's financial position as at 31 December 2022, and the 2022 consolidated and parent'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 Offcn Education in accordance with China Code of Ethics for Certified Public Accountants (the “Code”), 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.

AUDITOR'S REPORT (Continued)

Baker Tilly China [2023] No. 23905

Key Audit Matters	How our audit addressed the Key Audit Matter
<p>Recognition of revenue</p> <p>For example, in the notes to the financial statements "V. The Company's Significant Accounting Policies And Accounting Estimates (32)" and "VII. Consolidated Financial Statement Project Notes (34)", education and training income accounted for 99.52% of the company's operating income in 2022.</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, which is the main source of company's profits. And the frequent occurrence of transactions, 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 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.

AUDITOR'S REPORT (Continued)

Baker Tilly China [2023] No. 23905

IV. Other Information

Management of the Company is responsible for the other information. The other information comprises all of the information included in 2022 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 in Charge of 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 Offcn Education or to cease operations or have no realistic alternative but to do so.

Those in charge of governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S REPORT (Continued)

Baker Tilly China [2023] No. 23905

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.

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.

AUDITOR'S REPORT (Continued)

Baker Tilly China [2023] No. 23905

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 the Company 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 in charge of 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.

AUDITOR'S REPORT (Continued)

Baker Tilly China [2023] No. 23905

Beijing, China
27 April, 2023

Chinese Certified Public

Accountant:

Zhou Baiming

(Engagement partner)

Chinese Certified Public

Accountant:

Li Qiang

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, 2022

Unit: RMB

ITEM	December 31, 2022	January 1, 2022
Current assets:		
Monetary funds	385,328,555.74	1,970,361,272.64
Settlement reserve		
Lendings		
Transactional financial assets		346,726,621.74
Derivative financial assets		
Notes receivable		
Accounts receivable	37,323,682.88	40,374,842.27
Receivables financing		
Prepayments	556,093.00	1,438,350.00
Premium receivable		
Accounts receivable reinsurance		
Reserve for reinsurance Receivable contracts		
Other receivables	193,617,379.76	219,501,061.83
Inc: Interest receivables		
Dividends receivables		
Buying back the sale of financial assets		
Inventory		
Contract assets		

Assets held-for-sale		
Non-current assets due within one year		
Other current assets	4,559,823.18	36,959,129.80
Total current assets	621,385,534.56	2,615,361,278.28
Non-current assets:		
Loans and advances		
Debt investment		7,058,993.55
Other debt investment		
Long-term receivables		
Long-term equity investment	46,835,952.63	46,850,364.40
Other equity investment	121,300,000.00	130,400,000.00
Other non-current financial assets	27,680,000.00	30,260,000.00
Investment property	450,260.54	644,936,541.46
Fixed assets	1,970,536,339.75	1,770,372,338.85
Construction in progress	323,273,645.99	294,785,678.31
Productive biological assets		
Oil and gas assets		
Right-of-use asset	1,112,202,447.58	1,342,280,387.08
Intangible assets	1,162,266,659.34	866,627,549.85
Development expenditure		
Goodwill	99,867,720.38	99,867,720.38
Long-term prepaid expenses	285,134,318.63	380,191,006.38
Deferred tax assets	602,280,444.37	424,027,271.38
Other non-current assets	1,654,201,029.49	1,652,164,395.78
Total Non-current Assets	7,406,028,818.70	7,689,822,247.42
Total Assets	8,027,414,353.26	10,305,183,525.70
Current liabilities:		
Short-term loan		3,152,945,812.59
Borrowing from the central bank		

Borrowings from banks and other financial institutions		
Transactional financial liabilities		
Derivative Financial liabilities		
Notes payable		
Accounts payable	287,088,393.76	282,032,916.52
Deposit received		
Contract liabilities	3,949,799,538.71	3,063,721,290.28
Financial assets sold for repurchase		
Absorbing deposits and interbank deposits		
Acting trading securities		
Acting underwriting securities		
Payroll payable	609,823,739.07	422,886,856.60
Taxes payable	9,593,498.07	12,566,751.84
Other payable	1,096,787,345.65	129,043,599.22
Inc: Interest payable		
Dividend payable		
Fees and commissions payable		
Reinsurance amounts payable		
Liabilities held-for-sale		
Non-current Liabilities due within one year	578,821,921.03	531,876,007.31
Other current liabilities	118,495,201.91	91,925,853.39
Total Current Liabilities	6,650,409,638.20	7,686,999,087.75
Non-current Liabilities:		
Insurance contract reserve		
Long-term loan		
Bonds payable		
Inc: Bonds payable_preferred stock		
Bonds payable_perpetual bond		
Lease liability	508,752,253.77	635,691,184.87

Long-term payables		
Long-term salary payable		
Estimated liabilities		
Deferred Income		
Deferred tax liability	88,360,124.03	93,712,172.62
Other non-current liabilities		
Total Non-current Liabilities	597,112,377.80	729,403,357.49
Total Liabilities	7,247,522,016.00	8,416,402,445.24
Owners' equity:		
Share capital	103,807,623.00	103,807,623.00
Other equity instruments		
Inc: Other equity instruments_preferred stock		
Other equity instruments_perpetual bond		
Capital reserve	1,225,481,049.50	1,225,481,049.50
less: Treasury stock		
Other comprehensive income	6,375,000.00	13,200,000.00
Special reserve		
Surplus reserves	45,000,000.00	45,000,000.00
General risk preparation		
Undistributed profits	-600,729,736.73	501,330,081.70
Total Owners' Equity Attributable To the Parent Company	779,933,935.77	1,888,818,754.20
Minority shareholders' equity	-41,598.51	-37,673.74
Total Owners' Equity	779,892,337.26	1,888,781,080.46
Total Liabilities and Owners' Equity	8,027,414,353.26	10,305,183,525.70

Legal representative: Wang Zhendong

Person in charge of accounting: Shi Lei

Head of accounting department: Luo Xue

2.Parent company balance sheet

Unit:RMB

ITEM	December 31, 2022	January 1, 2022
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Current assets:		
Monetary funds	4,549,980.47	59,197,879.74
Transactional financial assets		1,573,219.32
Derivative financial assets		
Notes receivable		
Accounts receivable	26,484,984.35	28,806,097.45
Receivables financing		
Prepayments		
Other receivables	22,848,853.79	20,699,731.33
Including: interest receivable		
Dividend receivable		
Inventory		
Contract assets		
Assets held-for-sale		
Non-current assets due within one year		
Other current assets		
Total current assets	53,883,818.61	110,276,927.84
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	19,190,401,583.37	19,190,415,995.14
Other equity investment	121,300,000.00	130,400,000.00
Other non-current financial assets		
Investment property	363,531.57	370,687,463.01
Fixed assets	557,438,989.80	371,414,975.96
Construction in progress	72,569,103.57	72,569,103.57
Productive biological assets		
Oil and gas assets		
Right-of-use assets		

Intangible assets	161,459,750.00	
Development expenditure		
Goodwill		
Long-term prepaid expenses		
Deferred tax assets		
Other non-current assets	1,618,411,145.38	1,618,391,145.38
Total non-current assets	21,721,944,103.69	21,753,878,683.06
Total assets	21,775,827,922.30	21,864,155,610.90
Current liabilities:		
Short-term loan		1,201,317,569.59
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	43,621,752.26	83,621,752.26
Deposit received		
Contract liabilities		
Payroll payable		
Taxes payable	1,693,081.17	1,600,302.00
Other payable	2,533,250,496.78	1,307,916,006.49
Including: interest payable		
Dividend payable		
Liabilities held-for-sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	2,578,565,330.21	2,594,455,630.34
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	2,125,000.00	4,418,304.83
Other non-current liabilities		
Total non-current liabilities	2,125,000.00	4,418,304.83
Total Liabilities	2,580,690,330.21	2,598,873,935.17
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	6,375,000.00	13,200,000.00
Special reserve		
Surplus reserves	387,458,806.65	387,458,806.65
Undistributed profits	-141,421,973.89	-78,102,890.25
Owners' equity	19,195,137,592.09	19,265,281,675.73
Liabilities and owner's equity	21,775,827,922.30	21,864,155,610.90

3.Consolidated income statement

Unit: RMB

ITEM	Year 2022	Year 2021
I.Total operating income	4,824,814,105.43	6,911,723,331.79
Inc: Operating income	4,824,814,105.43	6,911,723,331.79

Interest income		
Premium earned		
Fee and commission income		
II. Total operating costs	6,138,728,386.78	9,842,898,477.96
Inc: Operating costs	2,979,787,310.55	4,993,717,363.58
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	33,295,722.91	35,355,169.74
Sales expenses	1,359,096,659.05	2,105,098,912.06
Management expenses	935,818,353.08	1,315,643,022.03
Research and development expenses	592,208,850.10	901,469,538.57
Financial expenses	238,521,491.09	491,614,471.98
Inc:Interest	82,900,952.64	274,734,405.81
Interest income	7,965,614.53	58,235,304.20
Add: Other income	52,156,799.52	96,084,140.34
Investment income (Loss is listed with "-")	9,804,270.34	79,269,900.92
Including: investment income from associates and joint ventures	-14,411.77	-2,149,635.60
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 "-")	-6,026,850.74	-21,490,322.52
Expected credit loss(Loss is listed with "-")	-9,746,689.55	-8,529,849.40
Asset impairment loss(Loss is listed with "-")		
Asset disposal income(Loss is listed with "-")	-9,500,665.47	-163,075.82

III. Operating profit (Loss is listed with "-")	-1,277,227,417.25	-2,786,004,352.65
Add: non-operating income		18,141,095.89
Less: non-operating expenses	4,778,597.36	1,303,782.47
IV. Total profit(The total loss is listed with "-")	-1,282,006,014.61	-2,769,167,039.23
Less: Income tax expenses	-179,942,271.41	-399,652,322.88
V. Net profit (Net loss is listed with "-")	-1,102,063,743.20	-2,369,514,716.35
i. Classified by business continuity		
1.Net profit from continuing operations (Net loss is listed with "-")	-1,102,063,743.20	-2,369,514,716.35
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	-1,102,059,818.43	-2,369,509,039.00
2.Net profit attributable to minority shareholders	-3,924.77	-5,677.35
VI. Net other comprehensive income	-6,825,000.00	-16,800,000.00
Net other comprehensive income after tax attributable to the parent company owner	-6,825,000.00	-16,800,000.00
i. Other comprehensive income that cannot be reclassified into profit or loss	-6,825,000.00	-16,800,000.00
1.Inc: 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 the fair value of other equity instruments	-6,825,000.00	-16,800,000.00
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.Other credit impairment provisions for investment of creditor's rights		
5.Effective portion of profit or loss on cash flow hedging		

6.Foreign currency financial statement translation difference		
7.Other		
Net other comprehensive income after tax attributable to non-controlling interest		
VIII. Total comprehensive income	-1,108,888,743.20	-2,386,314,716.35
Total comprehensive income attributable to owners of the parent	-1,108,884,818.43	-2,386,309,039.00
Total comprehensive income attributable to minority shareholders	-3,924.77	-5,677.35
IX. Earnings per share		
Basic earnings per share	-0.18	-0.38
Diluted earnings per share	-0.18	-0.38

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

ITEM	Year 2022	Year 2021
I. Total operating income	1,483,143.55	14,831,488.06
Inc: Operating income	1,483,143.55	14,831,488.06
Interest income		
Premium earned		
Fee and commission income		
II. Total operating costs	60,132,786.17	88,480,334.21
Inc: Operating costs	10,359.40	11,230,514.83
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	6,221,746.23	4,240,824.77
Sales expenses		
Management expenses	41,458,152.87	25,966,438.27
Research and development expenses		
Financial expenses	12,442,527.67	47,042,556.34
Inc:Interest	13,356,255.38	47,157,530.56
Interest income	927,488.10	134,790.30
Add: Other income	2,487.65	138,234.55
Investment income (Loss is listed with "-")	1,719,685.26	-836,172.91
Including: investment income from associates and joint ventures	-14,411.77	-2,174,511.83
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 "-")	-73,219.32	42,765.95
Expected credit loss(Loss is listed with "-")	-2,336,393.54	-1,557,086.35
Asset impairment loss(Loss is listed with "-")		
Asset disposal income(Loss is listed with "-")		-223,987.77
III. Operating profit (Loss is listed with "-")	-59,337,082.57	-76,085,092.68
Add: non-operating income		
Less: non-operating expenses	4,000,305.90	

IV. Total profit(The total loss is listed with "-")	-63,337,388.47	-76,085,092.68
Less: Income tax expenses	-18,304.83	20,539,842.93
V. Net profit (Net loss is indicated by "-")	-63,319,083.64	-96,624,935.61
Net profit from continuing operations (Net loss is listed with "-")	-63,319,083.64	-96,624,935.61
Net profit from discontinued operations (Net loss is listed with "-")		
VI. Net other comprehensive income	-6,825,000.00	-16,800,000.00
1. Other comprehensive income that cannot be reclassified into profit or loss	-6,825,000.00	-16,800,000.00
Inc: Changes from the remeasurement of the defined benefit plan		
Other comprehensive income that cannot be transferred to profit or loss under the equity method		
Changes in the fair value of other equity instruments	-6,825,000.00	-16,800,000.00
Changes in fair value of the company's own credit risk		
2. Other comprehensive income that will be reclassified into profit or loss		
Other comprehensive income of convertible profit and loss under the equity method		
Changes in fair value of other debt investments		
Financial assets reclassified into other comprehensive income		
Other credit impairment provisions for investment of creditor's rights		
Effective portion of profit or loss on cash flow hedging		
Foreign currency financial statement translation difference		

Other		
VIII. Total comprehensive income	-70,144,083.64	-113,424,935.61
IX. Earnings per share		
Basic earnings per share		
Diluted earnings per share		

5.Consolidated cash flow statement

Unit: RMB

Items	2022	2021
I.Cash Flows from Operating Activities:		
Cash received from the sale of goods and the services	5,878,642,804.40	5,172,563,759.32
Net increase in customer deposits and interbank deposits		
Net increase in borrowing from central bank		
Net increase in funds borrow 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		
Taxes refund		
Other cash received related to other business activities	42,585,502.18	171,941,814.92
Subtotal of cash inflow from operating activities	5,921,228,306.58	5,344,505,574.24
Cash paid for the purchase of goods and services	737,440,108.29	1,687,330,079.68
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	3,731,688,834.19	6,340,168,377.45
Various taxes paid	160,757,951.44	295,559,702.01
Other cash paid for business activities	504,149,454.38	1,119,408,964.00
Subtotal of cash outflows from business activities	5,134,036,348.30	9,442,467,123.14
Net Cash Flow from Operating Activities	787,191,958.28	-4,097,961,548.90
II.Cash Flows from Investing Activities:		
Cash received from investment recovery	466,570,799.16	8,918,329,229.00
Cash received from investment income	9,827,675.66	247,231,808.99
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		3,012,387.24
Net cash received from disposal of subsidiaries and other business units		51,000,000.00
Other cash received related to investing activities		200,000,000.00
Subtotal of cash inflows from investing activities	476,398,474.82	9,419,573,425.23
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	106,763,167.69	1,366,834,155.42
Cash paid for investment	116,841,028.16	6,312,200,000.00
Net increase in pledge loans		
Net cash paid for acquiring subsidiaries and other business units		
Other cash paid related to investing activities		
Subtotal of cash outflows from investment activities	223,604,195.85	7,679,034,155.42
Net Cash Flow from Investing Activities	252,794,278.97	1,740,539,269.81
III.Cash Flows from Financing Activities:		
Cash received from investment absorption		
Including:cash received from subsidiaries in absorbing minority shareholders'investment		
Cash received from loans		4,569,000,000.00
Other cash received related to fundraising activities	959,240,000.00	
Sub-total of cash inflows from financing activities	959,240,000.00	4,569,000,000.00

Cash paid for debt repayment	3,149,000,000.00	5,389,000,000.00
Cash paid for dividends, profits or interest payments	52,155,602.76	196,236,215.13
Including:dividends and profits paid by subsidiaries to minority shareholders		
Other cash paid related to financing activities	386,990,744.68	606,571,985.34
Subtotal of cash outflows from financing activities	3,588,146,347.44	6,191,808,200.47
Net Cash Flow from Financing Activities	-2,628,906,347.44	-1,622,808,200.47
IV.Effect of the changes of the exchange rate on cash and the equivalents		
V.Net Increase in Cash and Cash Equivalents	-1,588,920,110.19	-3,980,230,479.56
Add: balance of cash and cash equivalents at the beginning of the period	1,969,806,009.56	5,950,036,489.12
VI.Balance of cash and cash equivalents at the end of the period	380,885,899.37	1,969,806,009.56

6.Parent company cash flow statement

Unit:RMB

ITEM	Year 2022	Year 2021
I. Cash flow from operating activities:		
Cash received from the sale of goods and services	1,572,581.17	
Tax refund		
Other cash received related to other business activities	1,186,259,251.75	800,735,886.99
Subtotal of cash inflow from operating activities	1,187,831,832.92	800,735,886.99
Cash paid for the purchase of goods and services		
Cash paid to and for employees		
Various taxes paid	6,203,155.71	4,860,974.71
Other cash paid for business activities	24,725,106.92	1,030,790,404.92
Subtotal of cash outflows from business activities	30,928,262.63	1,035,651,379.63
Net cash flow from operating activities	1,156,903,570.29	-234,915,492.64
II. Cash flows from investing activities:		
Cash received from investment recovery	1,500,000.00	82,700,000.00
Cash received from investment income	1,734,097.03	1,338,338.92
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,507,345.00

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	3,234,097.03	86,545,683.92
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	20,000.00	55,497.58
Cash paid for investment		131,600,000.00
Net cash paid for acquiring subsidiaries and other business units		
Other cash paid related to investing activities		
Subtotal of cash outflows from investment activities	20,000.00	131,655,497.58
Net cash flows from investing activities	3,214,097.03	-45,109,813.66
III. Cash flow from financing activities:		
Cash received from investment absorption		
Cash received from the loan		1,200,000,000.00
Other cash received related to fundraising activities		
Subtotal of cash inflows from financing activities		1,200,000,000.00
Cash paid for debt repayment	1,200,000,000.00	870,000,000.00
Cash paid for dividends, profits or interest payments	14,673,824.97	46,923,835.97
Other cash paid related to financing activities		
Subtotal of cash outflows from financing activities	1,214,673,824.97	916,923,835.97
Net cash flow from financing activities	-1,214,673,824.97	283,076,164.03
IV. Effect of the changes of the exchange rate on cash and the equivalents		
V. Net increase in cash and cash equivalents	-54,556,157.65	3,050,857.73
Add:balance of cash and cash equivalents at the beginning of the period	58,831,214.10	55,780,356.37
VI. Balance of cash and cash equivalents at the end of the period	4,275,056.45	58,831,214.10

7. Consolidated Statement of Changes in Owners' Equity

Unit: RMB

Company: Offcn Education Technology Co., Ltd.															Year 2022		Unit: RMB	
ITEM	Attributable to owners of the Company														Minority interests	Total equity		
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Other	Subtotal					
		Preferred stock	Perpetual bond	Other														
I. Ending balance of last year	103,807,623.00				1,225,481,049.50		13,200,000.00		45,000,000.00		501,330,081.70		1,888,818,754.20	-37,673.74	1,888,781,080.46			
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				1,225,481,049.50		13,200,000.00		45,000,000.00		501,330,081.70		1,888,818,754.20	-37,673.74	1,888,781,080.46			
III. Movement for current year ("-" for decrease)							-6,825,000.00				-1,102,059,818.43		-1,108,884,818.43	-3,924.77	-1,108,888,743.20			
(I) Total comprehensive income							-6,825,000.00				-1,102,059,818.43		-1,108,884,818.43	-3,924.77	-1,108,888,743.20			
(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. Appropriation of surplus reserve																		
2. Withdraw general risk reserves																		
3. Distribution to shareholders																		
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				1,225,481,049.50		6,375,000.00		45,000,000.00		-600,729,736.73		779,933,935.77	-41,598.51	779,892,337.26			

Unit: RMB

ITEM	Year 2021														
	Attributable to owners of the Company												Minority interests	Total equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Other			Subtotal
	Preferred stock	Perpetual bond	Other												
I. Ending balance of last 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
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				1,225,481,049.50		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
III. Movement for current year ("-" for decrease)							-16,800,000.00				-2,369,509,039.00		-2,386,309,039.00	-5,677.35	-2,386,314,716.35
(I) Total comprehensive income							-16,800,000.00				-2,369,509,039.00		-2,386,309,039.00	-5,677.35	-2,386,314,716.35
(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. Appropriation of surplus reserve															
2. Withdraw general risk reserves															
3. Distribution to shareholders															
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				1,225,481,049.50		13,200,000.00		45,000,000.00		501,330,081.70		1,888,818,754.20	-37,673.74	1,888,781,080.46

8.Statement of Changes in Owners' Equity

Unit: RMB

Company: Offcn Education Technology Co.,Ltd.												Unit: RMB
ITEM	Share capital	Year 2022										
		Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Subtotal
		Preferred stock	Perpetual bond	Other								
I.Ending balance of last year	6,167,399,389.00				12,775,326,370.33		13,200,000.00		387,458,806.65		-78,102,890.25	19,265,281,675.73
Add: Impact from changes in accounting policies												
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		13,200,000.00		387,458,806.65		-78,102,890.25	19,265,281,675.73
III. Movement for current year("-" for decrease)							-6,825,000.00				-63,319,083.64	-70,144,083.64
(I) Total comprehensive income							-6,825,000.00				-63,319,083.64	-70,144,083.64
(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. Appropriation of surplus reserve												
2. Withdraw general risk reserves												
3. Distribution to shareholders												
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	6,167,399,389.00				12,775,326,370.33		6,375,000.00		387,458,806.65		-141,421,973.89	19,195,137,592.09

Unit: RMB

ITEM	Year 2021											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Subtotal
		Preferred stock	Perpetual bond	Other								
I. Ending balance of last 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
Add: Impact from changes in accounting policies												
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		30,000,000.00		387,458,806.65		18,522,745.53	19,378,707,311.51
III. Movement for current year ("-" for decrease)							-16,800,000.00				-96,625,635.78	-113,425,635.78
(I) Total comprehensive income							-16,800,000.00				-96,624,935.61	-113,424,935.61
(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. Appropriation of surplus reserve												
2. Withdraw general risk reserves												
3. Distribution to shareholders												
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											-700.17	-700.17
IV. Ending balance of current year	6,167,399,389.00				12,775,326,370.33		13,200,000.00		387,458,806.65		-78,102,890.25	19,265,281,675.73

Section III. General Information

1. Overview of the company

Offcn Education Technology Co.,Ltd. (referred to as the “company” or “the company”) was formerly known as Yaxia Automobile Co.,Ltd. (referred to as “Yaxia Automobile”), Yaxia Automobile, a limited company established by Wuhu Yaxia Industrial Co., Ltd. On 30 November 30 2006, obtained the Enterprise Business license of Enterprise Legal Person NO. 3402012104768 issued by Wuhu Administration for industry and commerce. Yaxia Automobile was approved by the China Securities Regulatory Commission (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 22 million RMB ordinary shares to the public and traded on the Shenzhen Stock Exchange in August 2011. The controlling shareholder is Anhui Yaxia Industrial Co., Ltd. (referred to as “Yaxia Industrial”). On 1 July 2016, the company obtained the No. 91340200711040703A “Enterprise Business license of Enterprise Legal Person” issued by the Wuhu Administration for Industry and Commerce. As of 31 December 2021, the company's share capital is RMB 6,167,399,389.00.

In accordance with the resolution of the third extraordinary general meeting of shareholders of Yaxia Automobile in 2018 and the resolution of the 24th meeting of the 4th Board of Directors, and approved by the China Securities Regulatory Commission's Securities Regulatory Commission (2018) 1975, “On the approval of the major asset restructuring of Yaxia Automobile Co., Ltd. and the issuance of shares to Lu Zhongfang and other assets of the approval of assets” that Yaxia Automobile swapped all assets and liabilities (“exchange-out assets”) other than the retained assets that do not constitute business as of the date of the assessment of the benchmark for the equivalent portion (“exchange-in assets”) of 100.00% of the equity in Beijing Offcn Education Technology Co., Ltd. (referred to as “Offcn Limited”) respectively held by 11 counterparts, including Li Yongxin. And pay the difference between the exchange-out assets and the exchange-in assets by issuing shares.

On 27 December 2018, Yaxia Automobile and the counterpart Yaxia Industrial signed the Confirmation of Delivery of Assets. The closing date of the exchange-out assets is 27 December 2018, from the date of delivery, Yaxia Automobile, the counterparty will complete the delivery obligations, regardless of whether the exchange-out assets (including but not limited to land use rights, home ownership, intellectual property rights and qualifications, permits, other intangible assets, etc.) is actually completed, the ownership of the assets belongs to Yaxia Industrial, and all the rights, obligations, responsibilities and risks related to the disposed assets (including contingent liabilities, hidden liabilities) are owned and undertaken by Yaxia Industrial, which has the actual control and disposal rights over the exchange-out assets, and Yaxia Automobile no longer has any actual rights. On the same day, Offcn Limited completed the registration procedures for industrial and commercial changes on shareholder changematters. After the completion of this alteration, Yaxia Automobile holds a 100.00% stake in Offcn Limited, accordingly, the controlling shareholder and actual controller of the company will be changed to Li Yongxin and Lu Zhongfang. On 2 February 2019, Yaxia Automobile changed its name and changed its scope of business.

On 23 January 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: Block B, Hanhua Century Mansion, No.23 Xueqing Road, Haidian District, Beijing

The nature of the industry: Education

Customer nature: Mainly natural persons

Scope of business: technology development, technical services, technology promotion, technology transfer ,technical consulting and technology education and training (only branch to carry out this business)in the field of education and science ; offering exhibition services, organizing cultural and artistic exchange activities (excluding performances), conference services, and consult business management.(Projects subject to approval according to law can only carry out business activities after approval by the relevant departments)

The financial reporting was approved by the Board of Directors of the Company on April 27, 2023.

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 Of Preparation Of Financial Statements

1. Basis of preparation

The financial statements are prepared on a going concern basis, according to the practical transactions, in accordance with the relevant provisions of the Accounting Standards for Business Enterprises, and based on the important accounting policies and accounting estimates described below.

2. Going concern

As of December 31, 2022,, Offcn Edu's undistributed profits amounted to RMB -600.7297 million yuan, and the total amount of current liabilities exceeded the total amount of current assets by RMB 6,029.0241 million yuan (including contract liabilities of RMB 3,949.7995 million yuan and amounts owed to shareholders of RMB 959.24 million yuan). Because the Company's shareholders Li Yongxin and Lu Zhongfang agreed not to collect the Company's outstanding amounts in the foreseeable future, and agreed to provide all necessary financial support for the Company's debts that need to be repaid in the foreseeable future to maintain its continued operation, this financial statement is prepared based on the assumption of going concern.

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

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 Accounting Standards for Business Enterprises and its application guidelines, interpretations, and other relevant regulations (collectively referred to as "Enterprise Accounting Standards") issued by the Ministry of Finance, which truly and completely present the company's financial position, financial performance, cash flows and other information for the year then ended.

In addition, the financial report compiled by reference to the listing and disclosure requirements of the disclosure provisions 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 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 and business cycle

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

3. Recording currency

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

4. Measurement attributes of the report items change and used in the current period

Measurement attributes are adopted by the company including history cost, replacement cost, net realizable value, present value, and fair value.

5. Business combinations

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

The company realize achieve 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 is 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 from company and the book value of the consideration the combination of payment (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

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognized as goodwill, which is measured at cost on initial recognition. If the combination cost is less than the share of identifiable fair value of net assets of acquiree, firstly, conducting the review of measurement is necessary to achieve the acquiree the identifiable assets, liabilities and the fair value of contingent liabilities as well as the combination costs. The acquiree combination costs after reviews are still less than the fair value of identifiable net asset, the difference will be included into the current profits and losses.

Step-by-step multiple transaction to achieve business combinations not under common control should be handled 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 using 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; Changes in other comprehensive income and other owners' equity under the equity method shall be converted to the current income at the acquisition date, except for other comprehensive income arising from the net liabilities or net assets' changes of the benefit plan remeasured by the investee and arising from changes in the fair value 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; if the former is less than the latter, and the difference is booked into the current profit and loss.

Circumstances of disposing of equity through multiple transactions to the loss of control of subsidiaries

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

Generally transactions in stages are treatment as a package deal in accounting if the transaction terms, conditions, and economic impact of 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) Each transaction in the process of disposing of the equity in stages to the loss of control of the subsidiary belongs to the "package deal" accounting method

Disposal of various transactions in the equity investment of the subsidiary until the loss of control belongs to a package of transactions, each transaction should be accounted for as a transaction that disposes of the subsidiary and loses control; however, Before losing the control each time, the difference between the price and the share of the subsidiary's net asset share corresponding to the disposal of the investment shall be recognized as other comprehensive income in the consolidated financial statements, and shall be transferred

to the profit and loss for the period when control is lost.

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 the equity and the fair value of the remaining equity, minus the difference between the shares of the net assets that should be continuously calculated by the atomic company since the purchase date based on the original shareholding ratio, shall be included in the investment income of the period when the company loses control.. Other comprehensive income related to the original subsidiary 's equity investment shall be converted to current investment income or retained earnings when control is lost.

(3) Each transaction in the process of disposing of equity in steps to the loss of control of a subsidiary is not an accounting treatment of “package deal”

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 asset to the disposal 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.

When disposing of the loss of control over the 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 have been calculated by the original subsidiary from the date of purchase based on the original shareholding ratio is included in the investment income. Other comprehensive income related to the equity investment of the original subsidiary shall be converted to current investment income or retained earnings when control is lost.

6. Preparation of consolidated financial statements

Consolidated financial statements are based on the Parent's and its subsidiaries' financial statements in accordance with Accounting Standards for Business Enterprises No.33 – Consolidated financial statement.

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

7.1 Joint venture arrangements classification and Co-operation accounting treatment

A joint arrangement refers to an arrangement jointly 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 economic activity as required in the contract, and only exists when all investors sharing such control related to the activity 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, relating to the arrangement. A joint venture is a joint

arrangement whereby the joint ventures only have the rights to the net assets under this arrangement.

7.2 Accounting treatment of joint venture arrangement

A joint operator shall recognize the following items in relation to its interest 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.

8. Criteria for the determination of cash and cash equivalents

The term "cash" of 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 acquisition date) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Foreign currency transaction and foreign currency statement translation

9.1 Transactions denominated in foreign currencies

On initial recognition, a foreign currency amount, including share capital and capital reserves, is translated into functional currency 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 and foreign currency non-monetary items, shall be adjusted: foreign currency monetary items, of which the exchange difference between initial exchange rate and the spot exchange rate at the end of the period, shall be recognized into profit and loss for the period; exchange differences related to a specific-purpose borrowing denominated in foreign currency for constructing an asset that qualifies for capitalization shall be capitalized before it's ready for intended use and recognized into cost of construction in progress; foreign currency non-monetary items measured at fair value, the difference of which shall be recognized into profit and loss for the period as fair value changes.

9.2 Translation of financial statements denominated in foreign currencies

The assets and liabilities of the balance sheet are translated using the spot exchange rate at the balance sheet date; all items except for 'undistributed profits' of the owner's equity are translated at the spot exchange rate on the transaction date. The revenue and expenses in the income statement are translated using the approximate rate of the spot exchange rate on the transaction date. Differences arising from the translation of foreign currency financial statements are recognised as the 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 one party to the contractual provisions of the instrument.

All regular ways purchasing or selling of financial assets are recognized and derecognized on a trade date basis. Regular way purchasing or selling, means that receive or deliver financial assets within the time limit stipulated by regulations or common practices, as agreed in the terms of the contract. Trade date, is the date the company promises to buy in or sell out the financial assets.

The company derecognize the financial assets(either a part, or a part of a similar group),which is writing it off the balance sheet, if following conditions are met:

- (1) Expiration of the right to receive cash flow from financial assets;
- (2) The right to receive cash flow from financial assets has been transferred, or bear the obligation to pay all cash received to third party in time due to “Hand-Over arrangement”; and (a) all risks and benefits of the financial assets have been transferred virtually, or (b) though not all risks and benefits of the financial assets have been transferred, but lose 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 at amortized cost, and financial assets at fair value through other comprehensive income,financial assets at fair value through profit or loss. Subsequent measurement of financial assets depends on their categories.

The company's classification of financial assets is based on the company's business model and its characteristics of cash flow.

(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 to receive contractual cash flow; The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. For such financial assets, using effective interest rate method and subsequently measure at amortized cost, gains or losses arising from amortization or impairment are recognized in current profit or loss.

(2) Liability investment at fair value through other comprehensive income

Financial assets are classified as liability investment at fair value through other comprehensive income when following conditions are met:the company’s business model for managing financial assets targets both the collection of contractual cash flows and the sale of financial assets; The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. For such financial assets, subsequently measure at fair value. The discount or premium is amortized using the effective interest method and recognized as interest income or expense. Except for the impairment loss and the exchange differences of foreign monetary financial assets are recognized as profit or loss for the period, the changes in the fair value of such financial assets are recognized in other comprehensive income, the accumulated gains or losses is transferred to profit or loss until it’s derecognized. Interest income related to such financial assets is included in the current profit and loss.

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

The company irrevocably designated the non-trading equity investment as financial assets at fair value through other comprehensive income, and only the related dividend income is recognized in profit or loss. The accumulated gains or losses is transferred to retained earnings until it's derecognized.

(4) Financial assets at fair value through profit or loss

Any financial assets that are not held in one of the two business models mentioned above are measured at fair value through 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. For such financial assets, subsequently measured at fair value, and all changes in fair value are recognized in profit or loss.

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

For financial assets at fair value through 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 assets have initially been classified as follows: financial liabilities at amortized cost and financial liabilities at fair value through profit or loss.

The financial liabilities meeting any of the following conditions can be designated as the financial liabilities at fair value through profit and 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 enterprise. (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 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

Based on amortized cost, subsequently measure it using the effective interest rate method.

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

It includes financial liabilities (including derivatives that are financial liabilities) and financial liabilities that are designated at fair value through profit or loss.

10.4 Offsetting of financial instruments

If the following conditions are met at the same time, the net amount of the financial assets and financial liabilities offset each other shall be shown in the balance sheet: there is a legal right to offset the recognized amount, and such legal right is currently enforceable; Plans to liquidate the financial asset on a net basis or simultaneously liquidate the financial liability.

10.5 Impairment of financial assets

Based on expected credit losses, the Company undertakes impairment treatment and confirms loss provisions of financial assets at amortised cost, debt instrument investments at fair value through other comprehensive income and financial guarantee contracts. 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 and whose changes are accounted for in 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 Note X of this report for details. "Risks Associated With Financial Instruments".

The credit risk of the instrument is generally deemed to have increased significantly if the default is more than 30 days, unless there is conclusive evidence that the credit risk of the instrument has not increased significantly since the initial recognition.

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 enterprise 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 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 enterprise 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 enterprise shall calculate 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 enterprise shall calculate the interest income at its 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 enterprise 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 its 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 enterprise determine financial instruments, the lower the risk of default in the borrowers in the short-term ability to fulfill its obligation to pay the contract cash flow is very strong, and even the economic situation and business environment in a long term adverse change, also will not necessarily reduce the borrower's ability to fulfill its obligation to pay the contract cash flow, then the financial instruments can be seen as a lower credit risk.

(3) Receivables and lease receivables

The company for the accounting standards for enterprises No. 14 - revenues, excluding provisions by major financing elements (including according to the criteria does not consider no more than a year of financing elements) in the contract of receivables, the simplified model of credit losses, always in accordance with the expected amount of credit losses throughout the duration of measuring its losses.

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 chooses to adopt 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 asset 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 financial assets are abandoned, derecognize the financial assets and recognize the assets and liabilities; If not abandoned, 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 lower of 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. Accounts receivable

For accounts receivable, whether significant financing is involved 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 information at a reasonable cost, the company chooses to calculate the credit loss individually. When a single financial asset cannot evaluate the expected credit loss information 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:

Combination Type	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, combines the current situation and the forecast of future economic conditions, and prepared a comparison table between the age of accounts receivable and the expected credit loss rate for the entire duration to calculate the expected credit loss.

12. Receivables financing

If a financial asset meets the following conditions at the same time, it is classified 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 contract 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 payments of principal and interest based on the amount of outstanding principal.

The company will transfer the receivables held in the form of discount or endorsement, and this type of business is more frequent and the amount involved is larger whose management business model is essentially to receive both contract cash flows and sell. In accordance with the relevant provisions of financial instruments, the company classifies them as financial assets that measure changes at fair value and account for changes in other comprehensive income.

13. 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 losses of other receivables individually or in combination.

When individual financial assets can expect credit losses at a reasonable cost evaluation of information, the company choose

individual credit losses, when individual financial assets not credit losses at a reasonable cost evaluation of information, the company on the basis of credit risk characteristics could be divided into several other receivables portfolio, based on the combination of computing expected credit losses, determine the basis of a combination is as follows:

Type	Basis
Combination 1	Amounts due from related parties
Combination 2	Staff receivables, deposits, security deposits
Combination 3	Receivables other than Portfolio 1, Portfolio 2

For other receivables divided into portfolios, the company calculates the expected credit loss through default risk exposure and expected credit loss rate in the next 12 months or the whole duration, by referring to the historical credit loss experience and combining the current situation with the forecast of future economic conditions.

14. Inventory

14.1 Classification of inventories

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

14.2 Measurement of inventories transferred out

Finished goods are accounted for using the weighted average at the end of the month method upon issuance.

14.3 Basis for determining net realizable value of inventories and provision methods for decline in value of inventories.

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made. For inventories of goods 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 at the time of completion, the estimated selling expenses and related taxes; on the balance sheet date, in the same inventory, if some has contract price agreement, and the other has not, the net realizable value is determined separately and compared with its corresponding cost to determine the amount of the provision for inventory depreciation or reversal.

14.4 Inventory count system

The perpetual inventory system is maintained for stock system.

14.5 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.

15. Contract asset

1. Confirmation methods and standards of contract assets

The company presented as contract assets or contract liabilities in the statement of financial position based on the relationship between performance obligations and customer payments. The right that the company are entitled to collect the consideration for having transferred goods or services to the client (except receivables) is presented as contract asset.

2. Determination methods and accounting treatment methods of expected credit loss of contract assets

The company adopts the simplified expected credit loss model for contract assets, regardless of whether it contains major financing components, that is, the loss reserves are always measured according to the amount of expected credit losses during the entire lifetime, and the resulting increase or reversal of the loss reserves are included in the current profit and loss as an impairment loss or gain.

16. Assets held-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 and a firm purchase commitment 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 carrying amount). 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 was 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 proportion of the book value of various non-current assets measured in the disposal group according to the application of this standard measurement. Proportionately deducts its book value.

If the fair value of the non-current assets held for sale on the balance sheet date is less than the net value of the selling expenses, the amount of the previous write-down shall be restored and the impairment of assets recognized after being classified as held for sale shall be made. 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 fair value of the disposal group held for sale on the subsequent balance sheet day is increased, the net amount after the sale expense is increased, the amount of the previously written down amount shall be restored, and shall apply to the measurement requirements of this standard after being classified as held for sale. The impairment loss of assets confirmed by non-current assets is reversed within the amount, and the reversed amount is included in the current profit or loss. The carrying amount of the goodwill that has been eliminated and the non-current assets applicable to the measurement of this standard will not be reversed if it is recognized before the assets are classified as held for sale. The subsequent reversal of the asset impairment loss confirmed by the disposal group held for sale shall be based on the proportion of the book value of

various non-current assets measured and applied in the disposal group in addition to goodwill, and shall increase its book value proportionately.

The company is committed to a sale plan involving loss of control of subsidiary shall classify all the assets and liabilities of that subsidiary held for sale in consolidated balance sheets when the above criteria are met, regardless of whether the Company retain a non-controlling interests in its former subsidiary after the sale. In the balance sheets of parent company the investment should be classified as held for sale in full.

17. 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”.

18. Long-term equity investment

18.1 Determination of investment costs

(1) The business combinations under common control, the combined party to pay in cash, transfers non-cash assets, assumed debt or equity securities as combined consideration, on the combining date according to the owner's equity in the combined party on the final control party's share of the book value of the consolidated financial statements as its initial investment cost. The difference between initial investment cost in the long-term equity investment and book value of the paid merger consideration of the total amount of the face value of the issued shares to adjust capital reserves; if capital reserves are insufficient to write-downs, it needs to adjust the retained earnings.

Where a business combination under the same control is realized step by step, the combination date calculated on the basis of the shareholding ratio shall enjoy the share of the book owner 's equity of the combined party as the initial investment cost of the investment. 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 paid on the merger date is adjusted for capital reserve (capital premium or equity premium).if capital reserve insufficient to offset,then adjust retained earnings.

(2) The business combinations not under common control, in accordance with the payment of the fair value of the merger consideration is its initial investment cost on the acquisition date.

(3) Except for the formation of enterprise merger: if the purchase price 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).

18.2 Subsequent measurement and recognition methods of profits and losses

For the long-term equity investment controlled by the company to 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 cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the investment, 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 time whether long-term investment in accordance with the relevant policy considerations of the declined value of asset impairment.

For checking by the equity method, the initial investment cost of the long-term equity investment is not adjusted if it is greater than the fair value share of the net identifiable assets of the investee in the 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 balance is charged to 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 confirmation of the invested entity shall be accorded to the net profits and losses of the share, in order to obtain the invested entity, when the fair value of the identifiable assets such as basis, according to the company's accounting policies and accounting periods, and offset and associated enterprises and joint ventures between insider trading profits and losses according to the shareholding calculation belongs to part of the investment enterprise (but insider trading loss belongs to the asset impairment loss, should be a full confirmation), net income of the invested entity after adjustment for confirmation. According to the profit or cash dividend declared to be distributed by the investee, calculate the share payable, and correspondingly reduce the book value of the long-term equity investment. 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.

18.3 Determine the basis of controlling and 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.

18.4 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 by partial disposal of an equity investment or other reasons

If the company loses control over the subsidiary due to the disposal of equity investment 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.

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

For the long term investment in subsidiaries, joint venture and associates, the Company reviews the long-term equity investments at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognized in profit or loss for the period.

19. Investment property

19.1 The Company's investment properties include a land use right that is leased out; a land use right held for transfer upon capital appreciation; and a building that is leased out.

19.2 The Company uses the cost model for subsequent measurement of investment property, and adopts a depreciation or amortization policy for the investment property, which is consistent with that for fixed assets or intangible assets. The Company reviews the investment properties at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If there is any indication that such assets may be impaired, the recoverable amounts are estimated for such assets. If the recoverable amount of an asset or an asset Company is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognized in profit or loss for the period.

20. Fixed asset

20.1 Recognition, measurement and depreciation criteria for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year.

Fixed assets are initially measured at acquisition cost, and depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use.

20.2 Depreciation methods for each category of fixed assets

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

Category	Depreciation methods	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
Office equipment	Straight-line depreciation method	3-5	5	19.00-31.67

20.3 Impairment method of fixed assets, impairment preparation provision method

The date of balance sheet, some indications state clearly that the fixed assets conduct impairment, according to the difference between the book value and recoverable amount provision the corresponding impairment loss.

21. Construction in progress

21.1 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.

21.2 The Company assesses at each balance sheet date whether there is any indication that construction in progress may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets.

22. Borrowing cost

22.1 Recognition criteria of capitalization

Borrowing costs are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Other borrowing costs are recognized as an expense in the period in which they are incurred.

22.2 Period of capitalization

(1) Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

(2) Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. 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. Capitalization is suspended until the acquisition, construction or production of the asset is resumed.

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

22.3 Capitalization amount of borrowing costs

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense

incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Company determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

23. Right-of-use assets

Except for short-term leases and leases for which the underlying asset is of low value, at the commencement date of the lease, the Company recognizes a right-of-use assets.

The Company measures the right-of-use assets at cost. The cost of the right-of-use assets comprises:

23.1 The amount of the initial measurement of the lease liabilities.

23.2 Any lease payments made at or before the commencement date, less any lease incentives.

23.3 Any initial direct costs incurred by the Company.

23.4 An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. If the aforementioned costs are incurred for the production of inventory, it is applicable to ASBE No.1-Inventory.

The company recognizes and measures the costs mentioned in item 4 above in accordance with the ASBE No. 13 - Contingencies.

Initial direct costs are the incremental costs incurred to achieve the lease. Incremental costs are those costs that would not have been incurred if the enterprise had not acquired the lease.

Right-of-use assets are depreciated by the Company in accordance with the ASBE No.4 Fixed Assets. If the Company is reasonably certain, that the lease will transfer ownership of the underlying asset to the Company by the end of the lease term, the right-of-use assets is depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use assets is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

The Company applies ASBE No. 8 Impairment of Assets, to determine whether the right-of-use assets are impaired and perform accounting treatment to identified impairment loss.

24. Intangible assets

24.1 Intangible assets, including land use rights etc. are recognized at costs.

24.2 Intangible assets with finite useful 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	Useful life(Year)
Land use rights	40
Software use rights	5-10
Trademark rights	10

24.3 The Company assesses at each balance sheet date whether there is any indication that the intangible assets with definite life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognized in profit or loss for the period. For an intangible asset with infinite useful life, the Company reviews the useful life and amortization method at the end of the period.

24.4 Expenditure during the development phase that meets all of the following conditions at the same time is recognized as intangible asset. Expenditure during development phase that does not meet the following conditions is recognized in profit or loss for the period.(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.

25. Long-term asset impairment

The enterprise should judge whether there is any indication that the asset may be impaired at the balance sheet date.

The goodwill and intangible assets with an uncertain useful life resulting from a business combination should be tested for impairment annually, regardless of whether there is any indication of impairment.

If the following signs exist, the assets 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.

26. Long-term prepaid expenses

Long-term prepaid expenses are recorded according to the actual amount incurred and amortized in the period of benefit or within the prescribed period. If the long-term deferred 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.

27. Contract liabilities

The company presented as contract assets or contract liabilities in the statement of financial position based on the relationship between performance obligations and customer payments. The company's obligation to transfer goods or provide services to customers for consideration received or receivable from customers is presented as contract liabilities.

28. Employee's salary

Employee salary is to point to the all forms of remuneration or compensation that Company receive services rendered by employees or give except share-based payment in order to terminate the labor relationship. Employee salary includes short-term salary, severance welfare, dismissal benefits and other long-term employee benefits. The salary that Company offered to the worker spouse, children, dependents, the deceased employee survivors and other beneficiaries, also belong to employee's salary.

28.1 Short-term employee benefits

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.

28.2 Termination 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.

28.3 Defined contribution plan

Pursuant to the relevant laws and regulations of the PRC, employees of the Company participate in the social insurance system established and managed by government organization. The Company makes social insurance contributions, including contributions to basic pension insurance at the applicable benchmarks and rates stipulated by the government for the benefit of its employees. The pension insurance contributions are recognized as part of the cost of assets or charged to profit or loss on an accrual basis.

29. Lease liabilities

Substantial on the commencement date of the lease term, the Company recognizes the present value of the unpaid lease payments as lease liabilities.

The lease liabilities are initially measured at the present value of the lease payment not yet paid on the start date of the lease term.

Lease payments include the following five items:

29.1 Fixed payments and in-substance fixed payments, if there is a lease incentive, deduct the amount related to the lease incentive.

29.2 Variable lease payments that depend on an index or rate, which is determined at the time of initial measurement based on the index or rate at the commencement date of the lease term.

29.3 Exercise price for a purchase option provided that the lessee is reasonably certain that the option shall be exercised.

29.4 Payments for exercising the option to terminate the lease provided that the lease term reflects that the lessee shall exercise the option to terminate the lease option.

29.5 Estimated payments due based on guaranteed residual value provided by the lessee.

When calculating the present value of lease payments, the Company adopts the interest rate implicit in the lease as the discount rate; if the interest rate implicit in the lease cannot be determined, the Company adopts the incremental borrowing rate as the discount rate.

30. Estimated liabilities

30.1 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.

30.2 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.

31. Share-based payment

31.1 Categories of share-based payments

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

31.2 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.

31.3 Basis for determining the best estimate of exercisable equity instruments

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.

31.4 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 cancelled because the conditions of the exercisable rights are not met), the cancellation or settlement is treated as an expedited exercisable right and the original Amount recognized during the remaining waiting period

32. Income

32.1 Recognition of income

The company's income is mainly education and training income.

The company recognizes the income upon fulfillment of its performance obligations within the contract, that is, when the client obtains control of the relevant goods.

32.2 The company classifies the nature of the relevant performance obligations in accordance with the relevant provisions of the income standards to be "performance obligations performed within a specified period " or "performance obligations performed at a specified time point ", and income recognition is carried out in accordance with the following principles.

(1) The performance obligations are to be performed within a specified period once the company meets one of the following conditions:

- ① The client obtains and consumes the economic benefits while the company is fulfilling the performance obligations;
- ② The client can control assets under construction while the company is still in the process of fulfilling the performance obligations.
- ③ The asset generated while the company is in the process of performing the contract are indispensable, and the company has the right to collect partial payments for the cumulative performance obligations that have been fulfilled so far within the contract period.

If the performance obligations are performed within the specified period , the company will recognize the income within this period

in accordance with the progress of the contract's performance, however, except the performance progress cannot be reasonably determined. The company considers the nature of the goods and adopts the output method or input method to determine the appropriate performance progress.

(2) If the performance obligations are performed at the specified time point, the company will recognize the income at the time when the client obtains control over the relevant goods.

In judging whether the client has obtained control over goods or services, the company shall consider the following signs:

① The company has the current right to collect payment for the goods, that is, the customer has the current obligations to pay for the goods.

② The company has transferred legal ownership of the goods to the customer, that is, the customer already has the legal ownership of the goods.

③ The company has transferred physical possession of the goods to the customer, that is, the customer has taken physical possession of the goods.

④ The company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods.

⑤ The customer has accepted the goods.

⑥ Other signs that the customer has obtained control of the product.

The specific policy of the company's income recognition:

The company's income mainly includes ordinary class income and agreement class income. The income from face-to-face training of ordinary classes is recognized as income for all pre-collected training fees upon completion of training services; income from online training of ordinary classes is recognized on a straight-line basis during the effective period of service provision. The non-refundable portion of the income from the agreement class is recognized as revenue when the training service is completed; the refundable portion is recognized as revenue when the non-refundable conditions are met according to the agreement.

32.3 Measurement of income

The company shall measure revenue based on the transaction price allocated to each individual performance obligation. When 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 amount of the accumulated recognized revenue that it is very likely that a significant reversal not occur when the relevant uncertainty is eliminated. When an enterprise assesses whether it is very likely that a significant reversal of accumulated recognized revenue will not occur, it should also consider the possibility of reversal of revenue and its proportion.

(2) Major financing components

When there is a significant financing component in the contract, the company shall determine the transaction price based on the amount payable in cash when the customer is assumed to obtain control of the goods. The difference between the transaction price and the contract consideration shall be amortized using the effective interest method during the contract period.

(3) Non-cash consideration

If the customer pays a 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 cannot be reasonably estimated, the company determines the transaction price indirectly by referring to the stand-alone selling price of the goods it promises to transfer to the customer.

(4) Consideration payable to customers

For the consideration payable to the customer, the consideration payable shall be offset by the transaction price, and the current income is offset at the later point when the relevant income is recognized and the customer's consideration is paid, except when the customer's consideration is payable to obtain other clearly distinguishable products 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 exceeding amount shall be offset against the transaction price. If the fair value of the clearly distinguishable goods obtained from the customer cannot be reasonably estimated, the enterprise shall offset the consideration payable to the customer in full from the transaction price.

33. Contract cost

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

If the cost incurred by the company to fulfill the contract meets the following conditions at the same time, it shall be recognized as an asset as the contract performance cost:

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

The incremental cost incurred by the company to obtain the contract is expected to be recovered, and recognized as an asset as the contract acquisition cost; however, if the asset amortization does not exceed one year, it can be included in the current profit and loss when it occurs.

Assets related to contract costs are amortized on the same basis as the recognition of 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 provision for impairment of the excess part and recognize it as an asset impairment loss:

- (1) The remaining consideration expected to be obtained due to the transfer of goods or services related to the asset;
- (2) Estimate the costs that will be incurred 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 the reversal shall not exceed the book value of the asset on the date of reversal under the assumption that no impairment provision is made.

34. Government subsidy

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

34.2 If a government grant is in the form of a transfer of a 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.

34.3 The government grant adopts the total method

(1) A government grant related to an asset is recognized as deferred income, and amortized to profit or loss on a reasonable and systematic basis over the useful life of the related asset. If the relevant assets are sold, transferred, scrapped or damaged before the end of their useful 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.

34.4 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.

35. Deferred income tax assets and the deferred income tax liabilities

35.1 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 income tax assets and deferred income tax liabilities.

35.2 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.

35.3 On the balance sheet date, review the book value of the deferred income tax assets, and if during the period of the future may not be able to obtain sufficient taxable income to offset the benefit of the deferred income tax assets, the write-downs on the book value of the deferred income tax assets. If it is likely to obtain sufficient taxable income, return the amount of write-downs.

35.4 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 the income tax in the followings are not included: (1) The business combination; (2) Transactions or events directly confirmed in the owner's equity.

36. Lease

36.1 Lessee

When the Company is the lessee, on the commencement date of the lease period, except for short-term leases and low-value asset leases that are selected for simplified treatment, the right-of-use assets and lease liabilities are recognized for leases.

After the commencement date of the lease period, the Company adopts the cost model for subsequent measurement of the right-of-use asset. With reference to the relevant depreciation provisions of "ASBE No. 4 - Fixed Assets", depreciation is provided for right-of-use assets. If the lessee can reasonably determine that it will obtain the ownership of the leased asset at the expiration of the lease term, it shall accrue depreciation over the remaining useful life of the leased asset. If it cannot be reasonably determined that the ownership of the leased asset can be obtained at the expiration of the lease term, depreciation shall be accrued in the shorter period between the lease term and the remaining useful life of the leased asset. The Company determines whether the right-of-use asset is impaired in accordance with the "ASBE No. 8 - Impairment of Assets", and performs accounting treatment on the identified impairment losses.

The company calculates the interest expense of the lease liability during the lease term at a fixed interest rate and includes it in the current profit and loss. According to the "ASBE No. 17 - Borrowing Expenses" and other standards that should be included in the cost of relevant assets, such provisions shall apply.

36.2 Lessor

(1) Finance lease

As the lessor, on the commencement date of the lease term, the Company recognizes the finance lease receivables for the finance lease, derecognizes the finance lease assets, and calculates and recognizes the interest income in each period of the lease term according to the fixed periodic interest rate.

(2) Operating lease

As the lessor, the Company shall, in each period of the lease term, adopt the straight-line method or other systematic and reasonable method to recognize the lease receipts from operating leases as rental income. Capitalize the initial direct expenses related to operating leases, amortize them on the same basis as rental income recognition during the lease term, and include them in the current profit and loss by installments.

For the fixed assets in the operating lease assets, the company shall adopt the depreciation policy for similar assets to accrue

depreciation; for other operating lease assets, it shall use a systematic and reasonable method for amortization according to the enterprise accounting standards applicable to the assets. In accordance with the provisions of "ASBE No. 8 - Impairment of Assets", the company determines whether the operating lease assets are impaired and performs corresponding accounting treatment.

37. Major changes in accounting policies and accounting estimates

37.1. Changes in Accounting Policies

Applicable Not applicable

(1) Since January 1, 2022, our company has adopted the relevant provisions of the "Interpretation of Accounting Standards for Business Enterprises No. 15" (FA [2021] No. 35) to adjust the amount of relevant items in the financial statements based on the cumulative impact. The changes in accounting policies have no impact on the company.

(2) Since January 1, 2022, our company has adopted the relevant provisions of the "Interpretation of Accounting Standards for Business Enterprises No. 16" (FA [2022] No. 31) to adjust the amount of relevant items in the financial statements based on the cumulative impact. The changes in accounting policies have no impact on the company.

37.2. Changes in Accounting Estimates

Applicable Not applicable

Section VI Taxation

1. Major categories of taxes and tax rates

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

1.1 Value-added tax

According to the "Notice of the Ministry of Finance and the State Administration of Taxation on Comprehensively Launching the Pilot Project of Changing Business Tax to Value-added Tax" (FT [2016] No. 36) and the "Ministry of Finance and State Administration of Taxation on Clarifying the Reinsurance, Notice of the Real Estate Leasing and Non-Certificate Education Policy (FT [2016] No. 68) related provisions, the company's subsidiaries and affiliates' income from non-degree education services are subject to VAT at 3% and 6% tax rates .

The company and its subsidiaries operate leased buildings and buildings in accordance with the relevant provisions of the “Statement of the State Administration of Taxation on Issuing the Interim Measures for the Administration of Value-added Tax Levy of Real Estate Operating Leasing Services Provided by Taxpayers” (State Administration of Taxation Announcement 2016 No. 16) You can choose to apply the simple tax calculation method and calculate the amount of VAT payable according to the 5% levy rate.

1.2 Corporate income tax

(1) The company's subsidiary, Offcn Limited Income Tax, is paid in advance by each branch at the place of registration, and the head office is settled and paid.

(2) The company has different taxpayers with different corporate income tax rates, as detailed below:

Name of the company	Tax rate
1. The Company	25%
2. Offcn Ltd.	15%
3. Wuhu Yawei Automobile Sales Service Co., Ltd	20%
4. Ningguo Yaxia Motor Vehicle Driver Training School (Co., Ltd.)	20%
5. Huangshan Yaxia Fudi Automobile Sales Services Co., Ltd.	20%
6. Chaohu Yaxia Kaixuan Automobile Sales Service Co., Ltd.	20%
7. Bozhou Yaxia Motor Vehicle Driver Training School Co., Ltd.	20%
8. Suzhou Bokai Automobile Sales Service Co., Ltd.	20%
9. Shaanxi Offcn Education Technology Co. Ltd.	25%
10. Chengdu Offcn Future Education Training School Co. Ltd.	20%
11. Lu'an Yazhong Real Estate Information Consulting Co., Ltd.	25%
12. Lu'an Zhongke Real Estate Information Consulting Co., Ltd.	25%
13. Sichuan Offcn Luming Cultural Media Co., Ltd.Sichuan Offcn Luming Cultural Media Co., Ltd.	20%
14. Zhejiang Offcn Education Technology Co., Ltd.	25%
15. Taizhou Offcn Future Enterprise Management Consulting Co., Ltd.	20%
16. Wenling Offcn Information Consulting Co., Ltd.	20%
17. Beijing Offcn Xinzhayu Online Technology Co., Ltd.	25%
18. Hulun Buir Hailar Offcn Education Information Consulting Co., Ltd.	20%
19. Xilinhot Offcn Future Education Consulting Co., Ltd.	20%
20. Yueqing Lecheng Offcn Training Center Co., Ltd.	20%
21. Jiaozuo Offcn Future Education Service Co., Ltd.	20%

Name of the company	Tax rate
22. Xinzheng Offcn Cultural Communication Co., Ltd.	20%
23. Chongqing Jiangbei Offcn Vocational Examination Training Co., Ltd.	25%
24. Nanning Offcn Future Education Consulting Co., Ltd.	25%
25. Baiyin Offcn Future Education Consulting Co., Ltd.	20%
26. Beijing Xinde Zhiyuan Enterprise Management Consulting Co., Ltd.	25%
27. Nanjing Huiyue Hotel Management Co., Ltd.	25%
28. Shandong Kunzhong Yuhua Technology Co., Ltd. Shandong Kunzhong Real Estate Co., Ltd.	25%
29. Sanmenxia Offcn Cultural Communication Co., Ltd.	20%
30. Liaoning Offcn Academic & Cultural Exchange Co., Ltd.	25%
31. Liaoning Offcn Education Technology Co., Ltd.	25%
32. Shandong Offcn Education Technology Co., Ltd.	20%
33. Jilin Changyi Offcn Education Training School Co., Ltd.	25%
34. Yuxi Offcn Training School Co., Ltd.	20%
35. Tonghua Offcn Training School Co., Ltd.	15%
36. Hunan Lightsalt Offcn Education Technology Co., Ltd.	20%
37. Tianjin Hexi Offcn Training School Co., Ltd.	25%
38. Tianjin Jinnan Offcn Lexue Training School Co., Ltd.	25%
39. Tianjin Baodi Offcn Lexiang Training School Co., Ltd. Tianjin Baodi Offcn Lexiang Training School Co., Ltd.	25%
40. Tianjin Jizhou Offcn Lecheng Training School Co., Ltd. Tianjin Jizhou Offcn Lecheng Training School Co., Ltd.	25%
41. Chengdu Offcn Education Training School Co., Ltd.	25%
42. Shandong Zhuoda Business Management Co., Ltd.	25%
43. Liaoning Zhongcheng Real Estate Development Co., Ltd.	25%
44. Wuhu Offcn Training School Co., Ltd.	25%
45. Wuhan Guoshang Human Resource Service Co., Ltd.	25%
46. Jinan Zhangqiu Offcn Training School Co., Ltd.	25%
47. Mengzi Offcn Education Training Co., Ltd.	20%
48. Beijing Offcn Technology Development Co., Ltd.	20%
49. Shanghai Offcn Education Technology Co., Ltd.	25%

Name of the company	Tax rate
50. Guangzhou Offcn Intelligence Education Technology Co., Ltd.	20%
51. Nantong Sigang Huizhi Technology Co., Ltd. Nantong Sigang Huizhi Technology Co., Ltd.	25%
52. Pingshan Offcn Education Technology Co., Ltd.	25%
53. Shandong Offcn Education Training School Co., Ltd.	25%
54. Lanzhou Offcn Education Training School Co., Ltd.	20%
55. Anshan Tiedong Offcn Education Training School Co., Ltd.	20%
56. Diqing Offcn Training School Co., Ltd.	20%
57. Dali Offcn Education Training School Co., Ltd.	20%
58. Harbin Nangang Offcn Education Training School Co., Ltd.	20%
59. Nujiang Offcn Training School Co., Ltd.	20%
60. Weixi Offcn Education Training School Co., Ltd.	20%
61. Beijing Offcn Century Education Technology Co., Ltd.	25%
62. Beijing Offcn Shengjing Education Technology Co., Ltd.	20%
63. Henan Offcn Education Consulting Co., Ltd.	25%
64. Lhasa Offcn Training School Co., Ltd.	20%
65. Tianjin Offcn Technology Co., Ltd.	25%

2. Policies and basis of the important tax incentives

2.1 Value-added tax

(1) According to the "Announcement of the Ministry of Finance and the State Administration of Taxation on Clarifying the VAT Exemption Policy for Small-scale VAT Taxpayers" (FT [2021] No. 11), in order to further support the development of small and micro enterprises, from 1 April 2021 to 31 December 2022, small-scale value-added taxpayers with monthly sales of less than RMB 150,000 (including the principal) are exempt from value-added tax. The company's subsidiaries 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 (FT [2012] No. 15), the VAT taxpayers in 2011 for the first purchase of special equipment for the VAT tax control system (including separate ticket machines) after December 1 (including the same below), the VAT invoice obtained from the purchase of special equipment for the VAT tax control system can be used for the full amount of the VAT payable is deducted (the deduction is the total amount of price and tax), and the deduction that is insufficient can be carried forward to the next period to continue the deduction. The VAT taxpayer's technical maintenance fee paid after 1 December 2011 (excluding the technical maintenance fee paid before 30 November 2011) can be added to the value of the technical maintenance fee invoice issued by the technical maintenance service unit. The full amount of the tax payable

is deductible, and those that are insufficient for deduction can be carried forward to the next period to continue the deduction. The company and the qualified subsidiaries and subsidiaries should deduct the VAT payable amount in full according to the regulations.

(3) 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" (FT [2012] No. 15), the VAT taxpayers in 2011 for the first purchase of special equipment for the VAT tax control system (including separate ticket machines) after December 1 (including the same below), the VAT invoice obtained from the purchase of special equipment for the VAT tax control system can be used for the full amount of the VAT payable is deducted (the deduction is the total amount of price and tax), and the deduction that is insufficient can be carried forward to the next period to continue the deduction. The VAT taxpayer's technical maintenance fee paid after December 1, 2011 (excluding the technical maintenance fee paid before November 30, 2011) can be added to the value of the technical maintenance fee invoice issued by the technical maintenance service unit. The full amount of the tax payable is deductible, and those that are insufficient for deduction can be carried forward to the next period to continue the deduction. The Company and the qualified subsidiaries and subsidiaries should deduct the VAT payable amount in full according to the regulations.

(4) In accordance with the "Announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Relevant Policies for Deepening the Reform of Value-added Tax" (FT [2019] No. 39) and the "Announcement of the Ministry of Finance, the State Administration of Taxation on Relevant Value-added Tax Policies for Promoting the Relief and Development of Difficult Industries in the Service Sector" (FT [2022] No. 11), from April 1, 2019 to December 31, 2022, taxpayers in the production and living service industries are allowed to deduct 10% of the input tax in accordance with the current period. The Company's qualified subordinate branches and subsidiaries will additionally deduct the value-added tax payable according to this preferential policy.

2.2 Corporate income tax

(1) On October 21, 2020, Offcn Co., Ltd. passed the high-tech enterprise certification organized 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 Co., Ltd. and its subordinate branch calculate and pay corporate income tax at a tax rate of 15%.

(2) On September 28, 2021, Tonghua Offcn Training School Co., Ltd., a subsidiary of the Company, was recognized by the Jilin Provincial Taxation Bureau of the State Administration of Taxation, the Jilin Provincial Department of Finance, and the Jilin Provincial Department of Science and Technology, and obtained the high-tech enterprise certificate No. GR202122000472. The certificate is valid from September 28, 2021 to September 27, 2024. Tonghua Offcn Training School Co., Ltd. calculates and pays corporate income tax at a rate of 15%.

(3) According to the "Announcement of Ministry of Science and Technology of the State Administration of Taxation on Strengthening of Pre-tax Deduction for Scientific and Technological Innovation", (Announcement No. 28, 2022 of Ministry of Science and Technology, the State Administration of Taxation, Ministry of Finance), from October 1, 2022 to December 31, 2022, the enterprises which apply current pre-tax deduction of R & D expenses at a rate of 75%, their pre-tax deduction will be increased to the rate of 100%. This tax incentive applies to qualified subsidiaries of the Company.

(4) According to the "Announcement of the State Administration of Taxation on Matters Concerning the Implementation of Income

Tax Preferential Policies Supporting the Development of Small and Low-profit Enterprises and Individual Industrial and Commercial Households" (State Administration of Taxation Announcement [2021] No. 8), from January 1, 2021 to December 31, 2022, the annual taxable income of small and low-profit enterprises does not exceed 1 million yuan, which will be included in the taxable income at a reduced rate of 12.5%, and the enterprise's income tax will be paid at the tax rate of 20%. Qualified subsidiaries of the Company apply this policy to calculate and pay corporate income tax.

2.3 Other tax incentives

Education surcharge, local education surcharge

(1) According to the "Notice of the Ministry of Finance and the State Administration of Taxation on Expanding the Exemption Scope of Government Funds" (FT [2016] No. 12), starting from February 1, 2016, the exemption scope of education surcharge, local education surcharge and water conservancy construction fund should be expanded from the current obligors who pay monthly taxes or monthly sales or turnover of not more than RMB 30,000 (quarterly taxation of quarterly sales or turnover of not more than RMB 90,000) to the obligors who pay the monthly sales or turnover of not more than RMB 100,000 (the quarterly sales or turnover of the quarterly tax does not more than RMB 300,000). Subsidiaries and subsidiaries of the Company that meet the conditions for exemption are exempted from education surcharge and local education surcharge.

(2) According to the "Announcement of the State Administration of Taxation of the Ministry of Finance on Further Implementation of "Six Taxes Two Fees" Exemption Policy for SME" (FT [2022] No. 10), from January 1, 2022 to December 31, 2024, based on the actual situation and the needs of macro adjustment and control, the provincial government, autonomous district government, municipality government can reduce resource tax, city maintenance and construction tax, property tax, town land-use tax, stamp tax (securities transaction stamp tax not included), cultivated land use tax, education surcharge and local education surcharge within the rate of 50% from VAT small-scale taxpayers, small enterprises with little profit and individual business. Qualified subsidiaries of the Company apply this policy to calculate and pay the related taxes.

Section VII. Consolidated Financial Statement Project Notes

"The opening balance" refers to the balance on 1 January 2022 and "the closing balance" refers to the balance on 31 December 2022. "The prior period" is the year of 2021 and "The current period" is the year of 2022.

1. Monetary funds

Unit: RMB

Item	Closing balance	Opening balance
Cash	35,788.65	62,362.45
Bank balances	379,418,940.77	1,756,140,584.62
Other currency funds	5,873,826.32	214,158,325.57

Item	Closing balance	Opening balance
<u>Total</u>	<u>385,328,555.74</u>	<u>1,970,361,272.64</u>

Note: 1. Other currency funds mainly include the balance of third-party payment platforms such as POS, Tenpay and Alipay and so on

2. At the end of the period, there are mortgages, pledges, freezing, and other restricted funds. For details, please refer to Note VII (51) "Assets with restricted ownership or use rights".

3. There were no funds deposited overseas at the end of the period.

2. Transactional financial assets

Item	Closing balance	Opening balance
Financial assets classified as at fair value through profit or loss		346,726,621.74
Including: Debt instrument investment		346,726,621.74
<u>Total</u>		<u>346,726,621.74</u>

3. Accounts receivable

3.1 Disclosure by aging

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	3,245,781.30	23,537,021.54
1-2 years (inclusive)	20,260,718.50	20,016,302.00
2-3 years (inclusive)	20,006,930.00	
Less: Provision for bad debts	6,189,746.92	3,178,481.27
<u>Total</u>	<u>37,323,682.88</u>	<u>40,374,842.27</u>

3.2 Classified disclosure by bad debt accrual method

Item	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivables for which bad	43,513,429.80	100.00	6,189,746.92	14.22	37,323,682.88

Item	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
debt provision has been assessed by credit risk portfoliosTotal					
Inc:Combination2	3,491,219.36	8.02	187,596.90	5.37	3,303,622.46
Combination3	40,022,210.44	91.98	6,002,150.02	15.00	34,020,060.42
<u>Total</u>	<u>43,513,429.80</u>	<u>100.00</u>	<u>6,189,746.92</u>	--	<u>37,323,682.88</u>

Continued:

Item	Opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivables for which bad debt provision has been assessed by credit risk portfoliosTotal					
Inc:Combination2	3,530,335.54	8.11	176,985.38	5.01	3,353,350.16
Combination3	40,022,988.00	91.89	3,001,495.89	7.50	37,021,492.11
<u>Total</u>	<u>43,553,323.54</u>	<u>100.00</u>	<u>3,178,481.27</u>	--	<u>40,374,842.27</u>

Accounts receivables for which bad debt provision has been assessed by credit risk portfolios total:

Item	Closing balance		
	Accounts Receivable	Bad debt provision	Proportion (%)
Inc:Combination2	3,491,219.36	187,596.90	5.37
Inc:Combination3	40,022,210.44	6,002,150.02	15.00
<u>Total</u>	<u>43,513,429.80</u>	<u>6,189,746.92</u>	--

3.3 Bad debt provision

Item	Opening balance	Provision	Changes in the period			Closing balance
			recovery or reversal	Write-off	Other changes	
Provision for bad debts of accounts receivable	3,178,481.27	3,011,265.65				6,189,746.92
<u>Total</u>	<u>3,178,481.27</u>	<u>3,011,265.65</u>				<u>6,189,746.92</u>

3.4 Top 5 accounts receivable at the end of the period

Creditor	Nature of payment	Closing balance	Bad debt provision	Aging	Percentage of total accounts receivable(%)
Yaxia Industrial Co., Ltd.	Lease payments	40,000,000.00	6,000,000.00	1-3 years	91.93
Customer 1	Hotel service	1,737,741.50	99,887.90	Within 2 year	3.99
Customer 2	Hotel service	555,536.40	27,776.82	Within 1 year	1.28
Customer 3	Hotel service	297,077.00	14,853.85	Within 1 year	0.68
Customer 4	Hotel service	294,057.00	14,702.85	Within 1 year	0.68
Total		42,884,411.90	6,157,221.42		98.56

4. Prepayments

4.1 Disclosure by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year (inclusive)	556,093.00	100.00	1,438,350.00	100.00
<u>Total</u>	<u>556,093.00</u>	<u>100.00</u>	<u>1,438,350.00</u>	<u>100.00</u>

4.2 Top five entities with the largest balances of prepayments

Creditor	Nature of payment	Closing balance	Aging	Percentage of total advances (%)	Bad debt provision
Nanjing Eurasian Air Transport Agent Co., Ltd	Passenger Ticket	286,409.00	Within 1 year	51.50	
Nanjing Tuniu International Travel Service Co., L	Travel Ticket	269,684.00	Within 1 year	48.50	

Creditor	Nature of payment	Closing balance	Aging	Percentage of total advances (%)	Bad debt provision
<u>Total</u>		<u>556,093.00</u>		<u>100.00</u>	

5. Other receivables

5.1 Classified listing

Item	Closing balance	Opening balance
Other receivables	193,617,379.76	219,501,061.83
<u>Total</u>	<u>193,617,379.76</u>	<u>219,501,061.83</u>

5.2 Other receivables

5.2.1 Disclosure by aging

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	11,391,834.06	185,478,538.64
1-2 years (inclusive)	157,921,868.93	8,746,012.76
2-3 years (inclusive)	8,193,926.78	11,575,869.13
3-4 years (inclusive)	11,235,499.80	5,104,417.72
4-5 years (inclusive)	4,873,679.72	1,769,524.36
Over 5 years	13,596,150.34	13,686,855.19
Less: Provision for bad debts	13,595,579.87	6,860,155.97
<u>Total</u>	<u>193,617,379.76</u>	<u>219,501,061.83</u>

5.2.2 Other receivables by nature of the payment

Item	Closing balance	Opening balance
Deposits and guarantees	191,758,631.44	217,158,729.61
Reserve	292,215.00	265,275.00
Disbursement fee and other	1,566,533.32	2,077,057.22
<u>Total</u>	<u>193,617,379.76</u>	<u>219,501,061.83</u>

5.2.3 Withdrawing process of bad debt provision

Bad debt provision	The first stage	second stage	The third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment loss)	Expected credit losses for the entire duration (credit impairment loss has occurred)	
Balance as of 1 January 2022		6,860,155.97		<u>6,860,155.97</u>
Balance of other receivables on 1 January 2022 during the current period				
——transferred to stage 2				
——transferred to stage 3				
——transferred back stage 2				
——transferred back to stage 1				
Provision during the current period		6,735,423.90		<u>6,735,423.90</u>
Reversal during the current period				
Resale during the current peiriod				
Write-off during the current period				
Other changes				
Balance as of 31 December 2022		13,595,579.87		<u>13,595,579.87</u>

5.2.4 Situation of bad debt provision

Item	Opening balance	Provision	Changes in the period			Closing balance
			recovery or reversal	Write-off	Other changes	
Provision for bad debts of other receivables	6,860,155.97	6,735,423.90				13,595,579.87
<u>Total</u>	<u>6,860,155.97</u>	<u>6,735,423.90</u>				<u>13,595,579.87</u>

5.2.5 Top 5 other receivable at the end of the period

Creditor	Nature of payment	Closing balance	Aging	Percentage	Closing balance of bad debt provision
				of total other receivables (%)	
Beijing Construction Engineering Real Estate Co., LTD	Deposits and guarantees	124,498,000.00	1-2 year	60.08	12,449,800.00
Beijing Huaxia Shunxin Property Management Co., Ltd	Deposits and guarantees	25,000,000.00	1-2 year	12.06	
Beijing Hanhua Century Technology Co., Ltd	Deposits and guarantees	5,908,912.31	Within 2 year	2.85	
Shenyang Lijing Mingzhu Hotel Management Co., Ltd	Deposits and guarantees	5,675,200.00	Over 5 years	2.74	
Chengdu Zhongman Weiye Cultural Industry Development Co., Ltd	Deposits and guarantees	3,660,000.00	3-4 years	1.77	
<u>Total</u>		<u>164,742,112.31</u>		<u>79.50</u>	<u>12,449,800.00</u>

6. Other current assets

Item	Closing balance	Opening balance
Prepaid expenses	4,318,475.88	10,255,632.25
Input tax to be deducted	239,685.75	
Pending payment	1,661.55	12,833,701.81
Advance tax		13,869,795.74
<u>Total</u>	<u>4,559,823.18</u>	<u>36,959,129.80</u>

7. Debt investment

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Time deposit			7,058,993.55			7,058,993.55
<u>Total</u>			<u>7,058,993.55</u>			<u>7,058,993.55</u>

8.Long-term equity investment

The invested entity	Opening balance	Increase	Decrease	Changes for the year						Closing balance	Closing balance of provision for impairment
				Investment profit under equity method	Other comprehensive income adjustment	Other equity change	Cash dividends or profits announced of issuance	Provision for impairment	Others		
I.Cooperatives											
Offcn Xietong (Jiaxing) Human Resources Co., Ltd.				2,266.22							2,266.22
<u>Subtotal</u>				<u>2,266.22</u>							<u>2,266.22</u>
II.Associates											
Beijing Offcn Future Education Technology Co., Ltd.	46,850,364.40			-16,677.99							46,833,686.41
<u>Subtotal</u>	<u>46,850,364.40</u>			<u>-16,677.99</u>							<u>46,833,686.41</u>
<u>Total</u>	<u>46,850,364.40</u>			<u>-14,411.77</u>							<u>46,835,952.63</u>

9. Other equity investment

9.1 Other equity investment

Item	Closing balance	Opening balance
Shanghai Zuihuibao Network Technology Co., Ltd.	99,600,000.00	103,600,000.00
Anhui Ningguo Rural Commercial Bank Co., Ltd.	21,700,000.00	26,800,000.00
<u>Total</u>	<u>121,300,000.00</u>	<u>130,400,000.00</u>

9.2 Investment in non-trading equity instruments

Item	Recognized dividend income	Cumulative gain	Accumulated loss	Amount of other comprehensive income transferred to retained earnings	Reasons for the designation as being measured at fair value and the change included in other comprehensive income	Reasons for transferring other comprehensive income to retained earnings
Shanghai Zuihuibao Network Technology Co., Ltd.		13,600,000.00			Plan for long-term holding	
Anhui Ningguo Rural Commercial Bank Co., Ltd.	1,659,840.00	-5,100,000.00			Plan for long-term holding	
<u>Total</u>	<u>1,659,840.00</u>	<u>8,500,000.00</u>				

10. Other non-current financial assets

Item	Closing balance	Opening balance
Beijing Jinwu Venture Capital Center (Limited Partnership)	27,680,000.00	30,260,000.00
<u>Total</u>	<u>27,680,000.00</u>	<u>30,260,000.00</u>

11. Investment property

11.1 Investment real estate measurement model

Investment real estate with cost measurement model :

Item	Houses and buildings	Land use rights	Total
1. Original carrying amount			
1.1 Opening balance	377,111,222.22	470,624,021.74	<u>847,735,243.96</u>
1.2 Increase in the current period			
1.3 Decrease in the current period	376,581,430.71	470,624,021.74	<u>847,205,452.45</u>
1.3.1 Transferred to fixed assets	376,581,430.71		<u>376,581,430.71</u>
1.3.2 Transferred into intangible assets		470,624,021.74	<u>470,624,021.74</u>
1.4 Closing balance	529,791.51		<u>529,791.51</u>
2. Accumulated depreciation and amortization			
2.1 Opening balance	59,891,662.72	82,709,435.86	<u>142,601,098.58</u>
2.2 Increase in the current period			
2.2.1 Accrual or amortization	68,086.80		<u>68,086.80</u>
2.3 Decrease in the current period	59,880,218.55	82,709,435.86	<u>142,589,654.41</u>
2.3.1 Transferred to fixed assets	59,880,218.55		<u>59,880,218.55</u>
2.3.2 Transferred into intangible assets		82,709,435.86	<u>82,709,435.86</u>
2.4 Closing balance	79,530.97		<u>79,530.97</u>
3. Provision for impairment			
3.1 Opening balance	6,556,268.55	53,641,335.37	<u>60,197,603.92</u>
3.2 Increase in the current period			
3.3 Decrease in the current period	6,556,268.55	53,641,335.37	<u>60,197,603.92</u>
3.3.1 Transferred to fixed assets	6,556,268.55		<u>6,556,268.55</u>
3.3.2 Transferred into intangible assets		53,641,335.37	<u>53,641,335.37</u>
3.4 Closing balance			
4. Book value			
4.1 Closing balance	450,260.54		<u>450,260.54</u>
4.2 Opening balance	310,663,290.95	334,273,250.51	<u>644,936,541.46</u>

11.2 The situation of investment real estate that has not completed the property right certificate

Item	Closing balance	Reasons for not completing the property right certificate
Houses and buildings	450,260.54	In progress

12. Fixed assets

12.1 Presentation

Item	Closing balance	Opening balance
Fixed assets	1,970,536,339.75	1,770,372,338.85
<u>Total</u>	<u>1,970,536,339.75</u>	<u>1,770,372,338.85</u>

12.2 Fixed assets

12.2.1 Fixed assets situation

Item	Houses and buildings	Decoration of fixed assets	Transportation equipment	Electronic equipment	Office equipment	Total
I.Original carrying amount						
1.1 Opening balance	1,798,288,071.53	64,708,424.02	79,966,146.51	235,284,975.20	12,081,043.61	<u>2,190,328,660.87</u>
1.2 Increase in the current period	376,581,430.71		1,339.81	50,580.00	181,847.29	<u>376,815,197.81</u>
1.2.1 Purchase			1,339.81	50,580.00	181,847.29	<u>233,767.10</u>
1.2.2 Investment real estate reversal	376,581,430.71					<u>376,581,430.71</u>
1.3 Decrease in the current period				29,425.00	6,225.00	<u>35,650.00</u>
1.3.1 Disposal or scrap				29,425.00	6,225.00	<u>35,650.00</u>
1.4 Closing balance	2,174,869,502.24	64,708,424.02	79,967,486.32	235,306,130.20	12,256,665.90	<u>2,567,108,208.68</u>
II.Accumulated depreciation						
2.1 Opening balance	148,830,688.16	33,613,748.22	71,001,620.93	155,398,465.35	11,032,815.02	<u>419,877,337.68</u>
2.2 Increase in the current period	124,702,581.77	9,836,387.16	2,090,521.87	33,246,751.35	216,903.71	<u>170,093,145.86</u>
2.2.1 Provision	64,822,363.22	9,836,387.16	2,090,521.87	33,246,751.35	216,903.71	<u>110,212,927.31</u>
2.2.2 Investment real estate reversal	59,880,218.55					<u>59,880,218.55</u>
2.3 Decrease in the current period				27,953.75	5,913.75	<u>33,867.50</u>
2.3.1 Disposal or scrap				27,953.75	5,913.75	<u>33,867.50</u>

Item	Houses and buildings	Decoration of fixed assets	Transportation equipment	Electronic equipment	Office equipment	Total
2.4 Closing balance	273,533,269.93	43,450,135.38	73,092,142.80	188,617,262.95	11,243,804.98	<u>589,936,616.04</u>
III. Provision for impairment						
3.1 Opening balance				4,309.80	74,674.54	<u>78,984.34</u>
3.2 Increase in the current period	6,556,268.55					<u>6,556,268.55</u>
3.2.1 Provision						
3.2.2 Investment real estate reversal						
	6,556,268.55					<u>6,556,268.55</u>
3.3 Decrease in the current period						
3.3.1 Disposal or scrap						
3.4 Closing balance	6,556,268.55			4,309.80	74,674.54	<u>6,635,252.89</u>
IV. Book value						
4.1 Closing balance	1,894,779,963.76	21,258,288.64	6,875,343.52	46,684,557.45	938,186.38	<u>1,970,536,339.75</u>
4.2 Opening balance	1,649,457,383.37	31,094,675.80	8,964,525.58	79,882,200.05	973,554.05	<u>1,770,372,338.85</u>

12.2.2 The situation of fixed assets that have not completed the title certificate

Item	Carrying amount	Reasons for not completing the property right certificate
Houses and buildings	615,816,222.31	In progress

13. Construction in progress

13.1 Master list

Item	Closing balance	Opening balance
Construction in progress	323,273,645.99	294,785,678.31
<u>Total</u>	<u>323,273,645.99</u>	<u>294,785,678.31</u>

13.2 Construction in progress

13.2.1 Construction in progress

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Fushun Building	Offcn	160,953,189.34	160,953,189.34	157,099,898.91		157,099,898.91
Rizhao City	Learning	88,360,023.13	88,360,023.13	63,725,345.88		63,725,345.88
Bozhou Fortune Plaza	Yaxia	62,847,721.95	62,847,721.95	62,847,721.95		62,847,721.95
GAC-Toyota 4S Stores	Bozhou	9,721,381.62	9,721,381.62	9,721,381.62		9,721,381.62
Huangshan Stores	Fudi	1,391,329.95	1,391,329.95	1,391,329.95		1,391,329.95
Total		<u>323,273,645.99</u>	<u>323,273,645.99</u>	<u>294,785,678.31</u>		<u>294,785,678.31</u>

13.2.2 Changes in important construction projects in the current period

Item	Budget amount	Opening balance	Increase in the current period	Transfer to fixed assets	Other decreases	Closing balance
Fushun Building	Offcn	330,000,000.00	157,099,898.91	3,853,290.43		160,953,189.34
Rizhao Learning City		1,000,000,000.00	63,725,345.88	24,634,677.25		88,360,023.13
Total		<u>1,330,000,000.00</u>	<u>220,825,244.79</u>	<u>28,487,967.68</u>		<u>249,313,212.47</u>

Continued:

Amount injected as a proportion of budget amount (%)	Construction progress (%)	Amount of accumulated capitalized interest	Including: capitalized interest for the period	Interest capitalization rate for the period (%)	Source of funds
48.77	48.77				self-funds
8.84	8.84				self-funds
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14. Right-of-use assets

Item	Houses and buildings	Total
1.Original carrying amount		

Item	Houses and buildings	Total
1.1 Opening balance	1,786,074,513.91	<u>1,786,074,513.91</u>
1.2 Increase in the current period	335,810,444.38	<u>335,810,444.38</u>
1.2.1 Add a lease contract	335,810,444.38	<u>335,810,444.38</u>
1.3 Decrease in the current period	315,472,123.28	<u>315,472,123.28</u>
1.3.1 Lease expiry	188,529,870.35	<u>188,529,870.35</u>
1.3.2 Expires early	126,942,252.93	<u>126,942,252.93</u>
1.4 Closing balance	1,806,412,835.01	<u>1,806,412,835.01</u>
2. Accumulated amortization		
1. Opening balance	443,794,126.83	<u>443,794,126.83</u>
2.2 Increase in the current period	494,927,273.69	<u>494,927,273.69</u>
2.2.1 Provision	494,927,273.69	<u>494,927,273.69</u>
2.3 Decrease in the current period	244,511,013.09	<u>244,511,013.09</u>
2.3.1 Lease expiry	188,529,870.35	<u>188,529,870.35</u>
2.3.2 Expires early	55,981,142.74	<u>55,981,142.74</u>
2.4 Closing balance	694,210,387.43	<u>694,210,387.43</u>
3. Impairment provision		
3.1 Opening balance		
3.2 Increase in the current period		
3.3 Decrease in the current period		
3.4 Closing balance		
4. Book value		
4.1 Closing balance	1,112,202,447.58	<u>1,112,202,447.58</u>
4.2 Opening balance	1,342,280,387.08	<u>1,342,280,387.08</u>

15. Intangible assets

15.1 Intangible assets

Item	Land use rights	Software use rights	Trademark rights	Total
1. Original carrying amount				
1.1 Opening balance	910,052,741.43	7,774,286.02	7,140,521.53	<u>924,967,548.98</u>
1.2 Increase in the current period	470,624,021.74			<u>470,624,021.74</u>

Item	Land use rights	Software use rights	Trademark rights	Total
1.2.1 Investment real estate reversal	470,624,021.74			<u>470,624,021.74</u>
1.3 Decrease in the current period				
1.4 Closing balance	1,380,676,763.17	7,774,286.02	7,140,521.53	<u>1,395,591,570.72</u>
2. Accumulated amortization				
2.1 Opening balance	50,645,032.49	4,516,942.00	3,174,913.64	<u>58,336,888.13</u>
2.2 Increase in the current period	119,925,884.48	693,657.36	724,035.04	<u>121,343,576.88</u>
2.2.1 Provision	37,216,448.62	693,657.36	724,035.04	<u>38,634,141.02</u>
2.2.2 Investment real estate reversal	82,709,435.86			<u>82,709,435.86</u>
2.3 Decrease in the current period				
2.4 Closing balance	170,570,916.97	5,210,599.36	3,898,948.68	<u>179,680,465.01</u>
3. Impairment provision				
3.1 Opening balance		3,111.00		<u>3,111.00</u>
3.2 Increase in the current period	53,641,335.37			<u>53,641,335.37</u>
3.2.1 Investment real estate reversal	53,641,335.37			<u>53,641,335.37</u>
3.3 Decrease in the current period				
3.4 Closing balance	53,641,335.37	3,111.00		<u>53,644,446.37</u>
4. Book value				
4.1 Closing balance	1,156,464,510.83	2,560,575.66	3,241,572.85	<u>1,162,266,659.34</u>
4.2 Opening balance	859,407,708.94	3,254,233.02	3,965,607.89	<u>866,627,549.85</u>

15.2 Land use right without property certification held

Item	Closing balance	Reasons for not completing the property right certificate
Land use rights	226,294,737.56	In progress

16. Goodwill

16.1 Original book value of goodwill

Name of the investee and item resulting in goodwill	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
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		Formed by business combination	others	Dispose	others
Shandong Kunzhong Yuhua Technology Co., Ltd	39,378,573.51				39,378,573.51
Nanjing Huiyue Hotel Management Co., Ltd.	60,489,146.87				60,489,146.87
<u>Total</u>	<u>99,867,720.38</u>				<u>99,867,720.38</u>

16.2 Goodwill impairment provision

None.

16.3 Relevant information of asset group or combination of asset group where goodwill is located

The company acquired Shandong Kunzhong Yuhua Technology Co., Ltd. in 2016, resulting in a goodwill of RMB 39,378,573.51. The goodwill was divided into related asset groups, which consist 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 fair value minus disposal expenses.

The company's acquisition of Nanjing Huiyue Hotel Management Co., Ltd. in 2018 generated goodwill of RMB 60,489,146.87. The goodwill was divided into related asset groups, which consist 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 fair value minus disposal expenses.

16.4. Goodwill impairment testing process, key parameters and confirmation method of goodwill impairment loss

The method of provision for impairment is detailed in Note V (25) Long-term asset impairment.

The recoverable amount of the company's asset group including goodwill is estimated by using the net amount of the fair value of the asset group in which the goodwill is located less the disposal costs. As the main assets have a fair value that can be referred to 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 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.

17. Long-term prepaid expenses

Item	Opening balance	Increase in the period	Amortization for the period	Other reductions	Closing balance
Decoration expenditure	369,131,058.86	3,085,277.79	96,032,184.33		276,184,152.32

Item	Opening balance	Increase in the period	Amortization for the period	Other reductions	Closing balance
Other	11,059,947.52	994,500.78	3,104,281.99		8,950,166.31
<u>Total</u>	<u>380,191,006.38</u>	<u>4,079,778.57</u>	<u>99,136,466.32</u>		<u>285,134,318.63</u>

18. Deferred income tax assets and Deferred income tax liabilities

18.1 Unoffset deferred income tax assets

Item	Deductible temporary differences	Closing balance Deferred tax assets	Deductible temporary differences	Opening balance Deferred tax assets
Provision for impairment losses of assets	13,820,010.31	2,202,090.78	7,097,408.69	1,143,919.39
Deductible losses	3,995,702,357.27	599,355,353.59	2,816,982,346.58	422,547,351.99
Changes in fair value of held-for-trading financial assets	4,820,000.00	723,000.00	2,240,000.00	336,000.00
<u>Total</u>	<u>4,014,342,367.58</u>	<u>602,280,444.37</u>	<u>2,826,319,755.27</u>	<u>424,027,271.38</u>

18.2 Unoffset deferred income tax liabilities

Item	Taxable temporary difference	Closing balance Deferred income tax liabilities	Taxable temporary difference	Opening balance Deferred income tax liabilities
Appraisal and Appreciation of Consolidated Assets of Non-identical Controlled Enterprises	344,940,496.08	86,235,124.03	355,061,963.00	88,765,490.76
Changes in fair value of other equity instrument investments	8,500,000.00	2,125,000.00	17,600,000.00	4,400,000.00
Changes in fair value of financial assets held for trading			3,446,850.74	546,681.86
<u>Total</u>	<u>353,440,496.08</u>	<u>88,360,124.03</u>	<u>376,108,813.74</u>	<u>93,712,172.62</u>

18.3 Unrecognized deferred income tax asset details

Item	Closing balance	Opening balance
Deductible losses	341,498,222.24	261,754,607.89
Deductible temporary difference	3,024,087.93	2,801,762.22
<u>Total</u>	<u>344,522,310.17</u>	<u>264,556,370.11</u>

18.4 The deductible losses of unrecognized deferred income tax assets will expire in the following years

Year	Closing balance	Opening balance
2022		14,669,961.10
2023	11,480,964.23	11,480,964.23
2024	38,853,304.84	38,853,304.84
2025	57,109,818.13	57,109,818.13
2026	125,120,829.40	139,640,559.59
2027	108,933,305.64	
<u>Total</u>	<u>341,498,222.24</u>	<u>261,754,607.89</u>

19. Other non-current assets

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Prepayment for Fixed Assets	1,640,966,885.38		1,640,966,885.38	1,630,946,885.38		1,630,946,885.38
Input tax to be deducted / to be certified	3,378,986.11		3,378,986.11	11,962,352.40		11,962,352.40
Prepaid construction payments	8,455,158.00		8,455,158.00	8,455,158.00		8,455,158.00
Investment funds	1,400,000.00		1,400,000.00	800,000.00		800,000.00
<u>Total</u>	<u>1,654,201,029.49</u>		<u>1,654,201,029.49</u>	<u>1,652,164,395.78</u>		<u>1,652,164,395.78</u>

20. Short-term loan

Short-term loan classification

Item	Closing balance	Opening balance
Credit loans		3,152,945,812.59

Item	Closing balance	Opening balance
<u>Total</u>		<u>3,152,945,812.59</u>

21. Accounts payable

List of accounts payable

Item	Closing balance	Opening balance
Start class fees	177,100,514.23	109,756,452.70
Fixed assets	43,112,000.00	83,112,000.00
Market promotion fees	29,539,866.76	15,623,180.88
Renovation costs	22,461,110.93	22,461,110.93
Project payments	14,874,901.84	51,080,172.01
<u>Total</u>	<u>287,088,393.76</u>	<u>282,032,916.52</u>

22. Contract liabilities

Summary of contract liabilities

Item	Closing balance	Opening balance
Training fees received in advance	3,949,759,013.68	3,063,247,467.84
Other	40,525.03	473,822.44
<u>Total</u>	<u>3,949,799,538.71</u>	<u>3,063,721,290.28</u>

23. payroll payable

23.1 List of employee salaries payable

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term salary	406,180,615.62	3,634,949,515.80	3,528,354,156.94	512,775,974.48
II. Post-employment welfare- defined contribution plan liability	16,666,240.98	282,307,507.24	201,925,983.63	97,047,764.59
III. Dismissed welfare	40,000.00	1,909,768.03	1,949,768.03	
<u>Total</u>	<u>422,886,856.60</u>	<u>3,919,166,791.07</u>	<u>3,732,229,908.60</u>	<u>609,823,739.07</u>

23.2 Short-term salary list

Item	Opening balance	Increase	Decrease	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	399,743,797.02	3,356,766,463.91	3,287,192,978.24	469,317,282.69
II. Staff welfare		2,844,461.38	2,844,461.38	
III. Social security contributions	5,769,694.98	166,706,018.80	154,805,103.79	17,670,609.99
Inc: 1. Medical insurance	5,379,517.86	158,382,167.52	147,915,236.63	15,846,448.75
2. Work injury insurance	389,970.93	6,274,281.73	4,878,138.89	1,786,113.77
3. Maternity insurance	206.19	2,049,569.55	2,011,728.27	38,047.47
IV. Housing fund	666,882.00	108,565,854.92	83,444,655.12	25,788,081.80
V. Labor union expenditure and employee education expenditure	241.62	66,716.79	66,958.41	
<u>Total</u>	<u>406,180,615.62</u>	<u>3,634,949,515.80</u>	<u>3,528,354,156.94</u>	<u>512,775,974.48</u>

23.3 Set deposit plan listing

Item	Opening balance	Increase	Decrease	Closing balance
I. Basic endowment insurance	16,059,305.75	272,705,057.11	194,825,024.03	93,939,338.83
II. Unemployment insurance	606,935.23	9,602,450.13	7,100,959.60	3,108,425.76
<u>Total</u>	<u>16,666,240.98</u>	<u>282,307,507.24</u>	<u>201,925,983.63</u>	<u>97,047,764.59</u>

23.4 Dismissed welfare

Item	Amount of current payments	Amount due but not yet paid
Compensation for termination of employment	1,949,768.03	
<u>Total</u>	<u>1,949,768.03</u>	

24. Taxes payable

Item	Closing balance	Opening balance
1. Value-added tax	3,008,686.66	1,258,114.36
2. Corporate income tax	2,161,035.51	7,200,408.21
3. Land use tax	1,987,843.38	2,064,992.60

Item	Closing balance	Opening balance
4. Property tax	1,845,218.31	1,604,934.51
5. City maintenance and construction tax	229,372.72	84,830.67
6. Education surcharge	166,226.69	37,072.06
7. Withholding individual income tax	122,182.62	227,163.18
8. Other	72,932.18	89,236.25
<u>Total</u>	<u>9,593,498.07</u>	<u>12,566,751.84</u>

25. Other payable

25.1 Master list

Item	Closing balance	Opening balance
Other payable	1,096,787,345.65	129,043,599.22
<u>Total</u>	<u>1,096,787,345.65</u>	<u>129,043,599.22</u>

25.2 Other payables

Item	Closing balance	Opening balance
Shareholder loans	959,240,000.00	
Daily expenses	64,983,802.12	58,363,407.47
Equity transfer	61,283,300.00	61,283,300.00
Social Security and Provident Fund	1,790,029.54	683,275.40
Deposit and security deposit	285,500.00	
Advances and others	9,204,713.99	8,713,616.35
<u>Total</u>	<u>1,096,787,345.65</u>	<u>129,043,599.22</u>

26. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Lease liabilities due within one year	578,821,921.03	531,876,007.31
<u>Total</u>	<u>578,821,921.03</u>	<u>531,876,007.31</u>

27. Other current liabilities

Item	Closing balance	Opening balance
Value-added tax received in advance	118,495,201.91	91,925,853.39
<u>Total</u>	<u>118,495,201.91</u>	<u>91,925,853.39</u>

28. Lease liabilities

Item	Closing balance	Opening balance
Houses and buildings	508,752,253.77	635,691,184.87
<u>Total</u>	<u>508,752,253.77</u>	<u>635,691,184.87</u>

29. Share capital

Item	Opening balance	Changes in the current period (+, -)				Closing balance
		Issue new shares	Bonus share	Provident fund transfer to share capital	other Total	
Share capital	103,807,623.00					103,807,623.00

30. Capital reserve

Item	Opening balance	Increase	Decrease	Closing balance
Equity premium	1,225,481,049.50			1,225,481,049.50
<u>Total</u>	<u>1,225,481,049.50</u>			<u>1,225,481,049.50</u>

31. Other comprehensive income

Item	Opening balance	Pre-tax amount for the year	Amount incurred in this period				Closing balance
			Less: transferred to other comprehensive income in the previous period and transferred to profit or loss in the current period	Less: transferred 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	
1. Other comprehensive income not reclassified into gains or losses	13,200,000.00	-9,100,000.00			-2,275,000.00	-6,825,000.00	6,375,000.00
Changes in the fair value of other equity instruments	13,200,000.00	-9,100,000.00			-2,275,000.00	-6,825,000.00	6,375,000.00
2. Other comprehensive income classified into gains or losses							
<u>Total</u>	13,200,000.00	-9,100,000.00			-2,275,000.00	-6,825,000.00	6,375,000.00

32. Surplus reserve

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	45,000,000.00			45,000,000.00
<u>Total</u>	<u>45,000,000.00</u>			<u>45,000,000.00</u>

33. Undistributed profit

Item	Amount for the current period	Amount for the prior period
Undistributed profits at the end of previous year	501,330,081.70	2,870,839,120.70
Adjusting undistributed profits at the beginning of the period(Increase +, decrease-)		
Undistributed profits at the beginning of the year	501,330,081.70	2,870,839,120.70
Add: net profit attributable to owners of the Parent Company	-1,102,059,818.43	-2,369,509,039.00
Less: appropriation of statutory surplus reserve		
Appropriation of arbitrary surplus reserves		
Dividend payable for ordinary shares		
Other		
Undistributed profits at the end of period	-600,729,736.73	501,330,081.70

34. Operating income and operating costs

Item	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Prime operating income	4,801,848,887.15	2,958,900,025.02	6,860,282,371.30	4,945,732,913.85
Including: Education and Training	4,801,848,887.15	2,958,900,025.02	6,860,282,371.30	4,945,732,913.85
Other business	22,965,218.28	20,887,285.53	51,440,960.49	47,984,449.73
<u>Total</u>	<u>4,824,814,105.43</u>	<u>2,979,787,310.55</u>	<u>6,911,723,331.79</u>	<u>4,993,717,363.58</u>

35. Taxes and surcharges

Item	Amount for the current period	Amount for the prior period
Property tax	9,723,963.25	7,049,854.14
City maintenance and construction tax	8,407,331.30	8,522,400.03
Land holding tax	8,194,807.45	11,321,827.24
Education surcharge	5,981,579.32	6,082,104.43
Stamp tax	342,515.83	1,767,176.26
Vehicle usage tax	192,396.26	206,086.78
Other	453,129.50	405,720.86
<u>Total</u>	<u>33,295,722.91</u>	<u>35,355,169.74</u>

36. Sales expenses

Item	Amount for the current period	Amount for the prior period
Employee's salary	971,517,620.77	1,483,858,537.49
Marketing fee	127,248,692.75	270,366,194.33
Rent property and depreciation amortization	218,563,006.35	223,882,255.51
Travel expenses	32,113,996.39	113,757,589.64
Other	9,653,342.79	13,234,335.09
<u>Total</u>	<u>1,359,096,659.05</u>	<u>2,105,098,912.06</u>

37. Management expenses

Item	Amount for the current period	Amount for the prior period
Employee's salary	582,274,034.60	895,338,308.25
Rental property and depreciation amortization	176,542,656.54	189,782,209.74
Office expenses	111,547,826.48	123,857,061.80
Travel expenses	33,446,817.68	67,023,692.53
Welfare fee	1,436,229.70	8,856,771.23
Other	30,570,788.08	30,784,978.48
<u>Total</u>	<u>935,818,353.08</u>	<u>1,315,643,022.03</u>

38. Research and development expenses

Item	Amount for the current period	Amount for the prior period
Employee's salary	533,594,904.48	821,900,871.61
Travel expenses	8,865,669.17	27,128,292.82
Other	49,748,276.45	52,440,374.14
<u>Total</u>	<u>592,208,850.10</u>	<u>901,469,538.57</u>

39. Financial expenses

Item	Amount for the current period	Amount for the prior period
Interest expenses	82,900,952.64	274,734,405.81
Less: Interest income	7,965,614.53	58,235,304.20
Service Charge	163,586,152.98	275,115,370.37
<u>Total</u>	<u>238,521,491.09</u>	<u>491,614,471.98</u>

40. Other income

Item	Amount for the current period	Amount for the prior period
Stable subsidy	23,803,190.19	6,034,820.96
VAT exemption	19,539,883.84	68,480,064.80
Tax handling fee refund	5,170,874.49	107,735.71
Financial support	3,000,000.00	20,000,000.00
Rent subsidy income	417,165.00	273,750.00
Small financial support income	225,686.00	1,187,768.87
<u>Total</u>	<u>52,156,799.52</u>	<u>96,084,140.34</u>

41. Investment income

Item	Amount for the current period	Amount for the prior period
Investment income from Financial product	8,152,962.12	56,955,660.58

Item	Amount for the current period	Amount for the prior period
Dividend income obtained during the holding period of other equity instrument investments	1,659,840.00	1,327,872.00
Interest income obtained during the period of debt investment holding	5,879.99	23,083,807.21
Long-term equity investments income under equity method	-14,411.77	-2,149,635.60
Investment income from disposal of long-term equity investments		26,620.33
Gains arising from remeasurement of remaining equity at fair value after loss of control		25,576.40
<u>Total</u>	<u>9,804,270.34</u>	<u>79,269,900.92</u>

42. Fair value change income

Item	Amount for the current period	Amount for the prior period
Tradable financial assets	-6,026,850.74	-21,490,322.52
<u>Total</u>	<u>-6,026,850.74</u>	<u>-21,490,322.52</u>

43. Expected credit loss

Item	Amount for the current period	Amount for the prior period
Accounts receivable bad debt losses	-3,011,265.65	-2,047,094.28
Other receivables bad debt	-6,735,423.90	-6,482,755.12
<u>Total</u>	<u>-9,746,689.55</u>	<u>-8,529,849.40</u>

44. Asset disposal income

Item	Amount for the current period	Amount for the prior period
Right-of-use assets	-9,500,665.47	
Fixed assets		-163,075.82
<u>Total</u>	<u>-9,500,665.47</u>	<u>-163,075.82</u>

45. Non-operating income

Item	Amount for the current period	Amount for the prior period	Amount included in current non-recurring profit and loss
Liquidated damages income		18,141,095.89	
<u>Total</u>		<u>18,141,095.89</u>	

46. Non-operating expenses

Item	Amount for the current period	Amount for the prior period	Amount included in current non-recurring profit and loss
Forfeiture and Late Payments	4,676,810.32	833,516.13	4,676,810.32
External donation	100,004.54	415,001.84	100,004.54
Fixed assets disposal losses	1,782.50	5,264.50	1,782.50
Compensation expenses		50,000.00	
<u>Total</u>	<u>4,778,597.36</u>	<u>1,303,782.47</u>	<u>4,778,597.36</u>

47. Income tax expense

47.1 Statement of income tax expense

Item	Amount for the current period	Amount for the prior period
Income tax expenses	-179,942,271.41	-399,652,322.88
Inc: Current tax expense	1,387,950.17	8,133,783.70
Deferred tax expense	-181,330,221.58	-407,786,106.58

47.2 Accounting profit and income tax expense adjustment process

Item	Amount for the current period	Amount for the prior period
Total profit	-1,282,006,014.61	-2,769,167,039.23
Income tax expenses calculated pursuant to statutory/applicable tax rate(s)	-192,300,902.19	-415,375,055.88
Impact from different tax rates applicable to subsidiaries	-6,716,410.45	-5,079,231.58
Impact from adjustment to income tax in prior periods	594,060.35	604,294.24

Item	Amount for the current period	Amount for the prior period
Profit and loss attributable to joint ventures and associates	3,602.94	537,408.90
Impact of non-taxable income	-414,960.00	-331,968.00
Impact from non-deductible cost, expense and loss	5,523,795.35	4,510,631.06
Tax deduction	-6,220,931.15	-30,794,981.36
Impact from using deductible losses of previously unrecognized deferred income tax assets	-4,632,738.80	-611,337.11
The effect of deductible temporary differences or deductible losses of deferred income tax assets not recognized in the current period	24,222,212.54	46,887,916.85
Income tax expenses	<u>-179,942,271.41</u>	<u>-399,652,322.88</u>

48. Other comprehensive income items and their income tax impact and transfer-in profit and loss

See this report for details Note “VII (31) Other comprehensive income”.

49. Items in cash flow statement

49.1 Other cash receipts relating to operating activities

Item	Amount for the current period	Amount for the prior period
Other income and non-operating income	32,199,861.80	45,745,171.43
Interest income	7,965,614.53	58,235,304.20
Deposits and guarantees	1,743,889.01	67,046,115.88
Reserve	30,705.91	120,357.15
Disbursement fee and others	645,430.93	794,866.26
<u>Total</u>	<u>42,585,502.18</u>	<u>171,941,814.92</u>

49.2 Other cash payments relating to operating activities

Item	Amount for the current period	Amount for the prior period
Daily expenses	313,445,398.41	701,531,709.86
Service Charge	179,480,460.40	218,115,370.37
Deposits and guarantees	6,305,837.79	197,610,304.93
Reserve	57,645.91	385,512.15

Item	Amount for the current period	Amount for the prior period
Non-operating expenses	4,778,597.36	1,303,782.47
Disbursement fee and others	81,514.51	462,284.22
<u>Total</u>	<u>504,149,454.38</u>	<u>1,119,408,964.00</u>

49.3 Other cash receipts relating to investing activities

Item	Amount for the current period	Amount for the prior period
Engineering deposit		200,000,000.00
<u>Total</u>		<u>200,000,000.00</u>

49.4 Other cash receipts relating to financing activities

Item	Amount for the current period	Amount for the prior period
Shareholder loans	959,240,000.00	
<u>Total</u>	<u>959,240,000.00</u>	

49.5 Other cash payments relating to financing activities

Item	Amount for the current period	Amount for the prior period
Cash paid to repay principal and interest on lease liability	386,990,744.68	606,571,985.34
<u>Total</u>	<u>386,990,744.68</u>	<u>606,571,985.34</u>

50. Supplementary Information on Cash Flow Statement

50.1 Supplementary Information on Cash Flow Statement

Additional materials	Amount for the current period	Amount for the prior period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	-1,102,063,743.20	-2,369,514,716.35
Add: Provision for impairment losses of assets		
Credit impairment loss	9,746,689.55	8,529,849.40
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of bearer biological assets	110,281,014.11	120,413,023.55

Additional materials	Amount for the current period	Amount for the prior period
Amortization of right-of-use assets	494,927,273.69	503,643,895.04
Amortization of intangible assets	35,949,732.07	20,823,493.07
Amortization of long-term prepaid expenses	96,032,184.33	66,684,829.78
Losses/(gains) on disposal of fixed assets, intangible assets and other long-term asset	9,500,665.47	163,075.82
Losses /(gains) on write-off of fixed assets	1,782.50	5,264.50
Losses/(gains) on changes in fair values	6,026,850.74	21,490,322.52
Financial expenses/ (income)	82,900,952.64	274,734,405.81
Losses/(gains) arising from investments	-9,804,270.34	-79,269,900.92
Decrease /(increase) in deferred tax assets	-178,253,172.99	-402,420,834.61
Increase/(decrease) in deferred tax liabilities	-3,077,048.59	-5,365,271.97
Decrease /(increase) in inventories		
Decrease /(increase) in receivables from operating activities	52,536,061.91	-172,950,120.86
Increase/(decrease) in payables from operating activities	1,182,486,986.39	-2,084,928,863.68
Others		
Net cash flow from operating activities	787,191,958.28	-4,097,961,548.90
2. Significant investing and financing activities that do not involve cash flow		
Conversion of debt into capital		
Reclassification of current portion of convertible bonds to current liabilities		
Fixed assets capitalized under finance lease		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	380,885,899.37	1,969,806,009.56
Less: Opening balance of cash	1,969,806,009.56	5,950,036,489.12
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-1,588,920,110.19	-3,980,230,479.56

50.2. Composition of Cash and Cash Equivalents

Item	Closing balance	Opening balance
I. Cash	380,885,899.37	1,969,806,009.56
Including: Cash on hand	35,788.65	62,362.45
Bank deposits	374,976,284.40	1,755,585,321.54
Other monetary funds	5,873,826.32	214,158,325.57
II. Cash equivalents		
Including: Investments in debt securities due within three months		
III. Closing balance of cash and cash equivalents	380,885,899.37	1,969,806,009.56
Including: Cash and cash equivalents with restricted use of parent company or subsidiaries within the group		

51. Assets with restricted ownership or use rights

Item	Closing balance	Reason for restriction
Cash and cash equivalents	4,442,656.37	Guaranteed deposit, Not used for a long time/Not checked, Judicial freeze
<u>Total</u>	<u>4,442,656.37</u>	

52. Government subsidy

Details of Government subsidy

Species	Amount	Listed items	Amount included in current profit and loss
Financial support	3,000,000.00	Other income	3,000,000.00
Stable subsidy	23,803,190.19	Other income	23,803,190.19
Rent subsidy income	417,165.00	Other income	417,165.00
Small financial support income	225,686.00	Other income	225,686.00
<u>Total</u>	<u>27,446,041.19</u>		<u>27,446,041.19</u>

Section VIII. Changes In the Scope Of Consolidation

1. Business combinations not under common control

None.

2. Business combination under the same control

None.

3. Reverse purchase

None.

4. Disposal of subsidiaries

None.

5. Changes in the scope of consolidation due to other reasons

The name of the subsidiary	Proportion of shareholding (%)	Reason for changes
Sichuan Offcn Luming Cultural Media Co., Ltd.	100.00	New establishment
Beijing Offcn Shengjing Education Technology Co., Ltd.	100.00	New establishment
Henan Offcn Education Consulting Co., Ltd.	100.00	New establishment
Lhasa Offcn Training School Co., Ltd.	100.00	New establishment
Tianjin Offcn Technology Co., Ltd.	100.00	New establishment
Tianjin Jinnan Offcn Lexue Training School Co., Ltd.	100.00	New establishment
Tianjin Baodi Offcn Lexiang Training School Co., Ltd.	100.00	New establishment
Tianjin Jizhou Offcn Lecheng Training School Co., Ltd.	100.00	New establishment
Nantong Sigang Huizhi Technology Co., Ltd.	51.00	New establishment

6. Other

None.

Section IX. Interests In Other Entities

1. Interests in subsidiaries

1.1 Composition of the company

Name	Principal Business Address	Place of registration	Nature of business	Proportion of shareholding (%)	Voting rights ratio (%)		Acquisition Method Direct
					Direct	Indirect	
1.Offcn Limited	Beijing	Beijing	Service	100.00			Reverse purchase
2.Wuhu Yawei Automobile Sales Service Co., Ltd.	Wuhu	Wuhu	Sales	100.00			New establishment
3.Ningguo Yaxia Motor Vehicle Driver Training School (Co., Ltd.)	Ningguo	Ningguo	Service	100.00			New establishment
4.Huangshan Yaxia Fudi Automobile Sales Service Co., Ltd.	Huangshan	Huangshan	Sales	100.00			New establishment
5.Chaohu Yaxia Kaixuan Automobile Sales Service Co., Ltd.	Hefei	Hefei	Sales	100.00			New establishment
6.Bozhou Yaxia Motor Vehicle Driver Training School Co., Ltd.	Bozhou	Bozhou	Service	100.00			New establishment
7.Suzhou Bokai Automobile Sales Service Co., Ltd.	Suzhou	Suzhou	Sales	100.00			Acquisition
8.Shaanxi Offcn Education Technology Co.,Ltd.	Xi'an	Xi'an	Service	100.00			New establishment
9.Chengdu Offcn Future Education Technology Co.,Ltd..	Chengdu	Chengdu	Service	100.00			New establishment
10.Lu'an Yazhong Real Estate Information Consulting Co., Ltd.	Lu'an	Lu'an	Real estate	100.00			Acquisition
11.Lu'an Zhongke Real Estate Information Consulting Co., Ltd.	Lu'an	Lu'an	Real estate	100.00			Acquisition
12.Sichuan Offcn Luming Cultural Media Co., Ltd.	Chengdu	Chengdu	Culture, sports and	100.00			New establishment

Name	Principal Business Address	Place of registration	Nature of business	Proportion of shareholding (%)	Voting rights ratio (%)		Acquisition Method Direct
					Direct	Indirect	
			entertainment				
13.Zhejiang Offcn Education Technology Co. Ltd.	Hangzhou	Hangzhou	Service	100.00	100.00		New establishment
14.Taizhou Offcn Future Enterprise Management Consulting Co., Ltd.	Taizhou	Taizhou	Service	100.00	100.00		New establishment
15.Wenling Offcn Information Consulting Co., Ltd.	Wenling	Wenling	Service	100.00	100.00		New establishment
16.Beijing Offcn Xinzhiyu Network Technology Co., Ltd.	Beijing	Beijing	Service	100.00	100.00		New establishment
17.Hulun Buir Hailar Offcn Education Information Consulting Co., Ltd.	Hulunbeier	Hulunbeier	Service	100.00	100.00		New establishment
18.Xilinhot Offcn Future Education Consulting Co., Ltd	Xilinhaote	Xilinhaote	Service	100.00	100.00		New establishment
19.Yueqing Lecheng Offcn Training Center Co., Ltd.	Yueqing	Yueqing	Service	100.00	100.00		New establishment
20.Jiaozuo Offcn Future Education Service Co., Ltd.	Jiaozuo	Jiaozuo	Service	100.00	100.00		New establishment
21.Xinzheng Offcn Cultural Communication Co., Ltd.	Zhengzhou	Zhengzhou	Service	100.00	100.00		New establishment
22.Chongqing Jiangbei Offcn Vocational Examination Training Co., Ltd.	Chongqing	Chongqing	Service	100.00	100.00		New establishment
23.Nanning Offcn Future Education Consulting Co., Ltd.	Nanning	Nanning	Service	100.00	100.00		New establishment
24.Baiyin Offcn Future Education Consulting Co., Ltd.	Baiyin	Baiyin	Service	100.00	100.00		New establishment
25.Beijing Xindezhiyuan Enterprise Management Consultancy Co., Ltd.	Beijing	Beijing	Service	100.00	100.00		New establishment
26.Nanjing Huiyue Hotel Management Co., Ltd.	Nanjing	Nanjing	Service	100.00	100.00		Acquisition

Name	Principal Business Address	Place of registration	Nature of business	Proportion of shareholding (%)	Voting rights ratio (%)		Acquisition Method Direct
					Direct	Indirect	
27. Shandong Kunzhong Yuhua Technology Co., Ltd	Jinan	Jinan	Service		100.00	100.00	Acquisition
28. Sanmenxia Offcn Cultural Communication Co., Ltd.	Sanmenxia	Sanmenxia	Service		100.00	100.00	New establishment
29. Liaoning Offcn Academic & Cultural Exchange Co., Ltd.	Shenyang	Shenyang	Service		100.00	100.00	New establishment
30. Liaoning Offcn Education Technology Co., Ltd.	Shenfuxinqu	Shenfuxinqu	Service		100.00	100.00	New establishment
31. Shandong Offcn Education Technology Co., Ltd.	Qingdao	Qingdao	Service		100.00	100.00	New establishment
32. Jilin Changyi Offcn Education Training School Co., Ltd.	Jilin	Jilin	Service		100.00	100.00	New establishment
33. Yuxi Offcn Training School Co., Ltd.	Yuxi	Yuxi	Service		100.00	100.00	New establishment
34. Tonghua Offcn Training School Co., Ltd.	Tonghua	Tonghua	Service		100.00	100.00	New establishment
35. Hunan Lightsalt Offcn Education Technology Co., Ltd.	Changsha	Changsha	Service		90.00	90.00	New establishment
36. Tianjin Hexi Offcn Training School Co., Ltd.	Tianjin	Tianjin	Service		100.00	100.00	New establishment
37. Tianjin Jinnan Offcn Lexue Training School Co., Ltd.	Tianjin	Tianjin	Service		100.00	100.00	New establishment
38. Tianjin Baodi Offcn Lexiang Training School Co., Ltd.	Tianjin	Tianjin	Service		100.00	100.00	New establishment
39. Tianjin Jizhou Offcn Lecheng Training School Co., Ltd.	Tianjin	Tianjin	Service		100.00	100.00	New establishment
40. Chengdu Offcn Education Training School Co., Ltd.	Chengdu	Chengdu	Service		100.00	100.00	New establishment
41. Shandong Zhuoda Business Management Co., Ltd.	Rizhao	Rizhao	Service		100.00	100.00	New establishment
42. Liaoning Zhongcheng Real Estate	Shenfuxinqu	Shenfuxinqu	Real estate		100.00	100.00	Acquisition

Name	Principal Business Address	Place of registration	Nature of business	Proportion of shareholding (%)	Voting rights ratio (%)		Acquisition Method Direct
					Direct	Indirect	
Development Co.,Ltd.							
43.Wuhu Offcn Training School Co.,Ltd.	Wuhu	Wuhu	Service		100.00	100.00	New establishment
44.Wuhan Guoshang Human Resource Service Co.,Ltd.	Wuhan	Wuhan	Service		100.00	100.00	New establishment
45.Jinan Zhangqiu Offcn Training School Co.,Ltd.	Jinan	Jinan	Service		100.00	100.00	New establishment
46.Mengzi Offcn Education Technology Co.,Ltd.	Mengzi	Mengzi	Service		100.00	100.00	New establishment
47.Beijing Offcn Technology Development Co.,Ltd.	Beijing	Beijing	Service		100.00	100.00	New establishment
48.Shanghai Offcn Education Technology Co.,Ltd.	Shanghai	Shanghai	Service		100.00	100.00	New establishment
49.Guangzhou Offcn Intelligence Education Technology Co.,Ltd.	Guangzhou	Guangzhou	Service		100.00	100.00	New establishment
50.Nantong Sigang Huizhi Technology Co., Ltd.	Nantong	Nantong	Culture, sports and entertainment		51.00	51.00	New establishment
51.Pingshan Offcn Education Technology Co.,Ltd.	Shijiazhuang	Shijiazhuang	Service		100.00	100.00	New establishment
52.Shandong Offcn Education Training School Co.,Ltd.	Jinan	Jinan	Service		100.00	100.00	New establishment
53.Lanzhou Offcn Education Training School Co.,Ltd.	Lanzhou	Lanzhou	Service		100.00	100.00	New establishment
54.Anshan Tiedong Offcn Education Training School Co., Ltd.	Anshan	Anshan	Service		100.00	100.00	New establishment
55.Diqing Offcn Training School Co., Ltd.	diqingzhou	diqingzhou	Service		100.00	100.00	New establishment
56.Dali Offcn Education Training School Co., Ltd.	Dali	Dali	Service		100.00	100.00	New establishment

Name	Principal Business Address	Place of registration	Nature of business	Proportion of shareholding (%)	Voting rights ratio (%)		Acquisition Method Direct
					Direct	Indirect	
57. Harbin Nangang Offcn Education Training School Co., Ltd.	Haerbin	Haerbin	Service	100.00	100.00		New establishment
58. Nujiang Offcn Training School Co., Ltd.	Nujiangzhou	Nujiangzhou	Service	100.00	100.00		New establishment
59. Weixi Offcn Education Training School Co., Ltd.	Weixixian	Weixixian	Service	100.00	100.00		New establishment
60. Beijing Offcn Century Education Technology Co., Ltd.	Beijing	Beijing	Service	100.00	100.00		New establishment
61. Beijing Offcn Shengjing Education Technology Co., Ltd.	Beijing	Beijing	Service	100.00	100.00		New establishment
62. Henan Offcn Education Consulting Co., Ltd.	Zhengzhou	Zhengzhou	Service	100.00	100.00		New establishment
63. Lhasa Offcn Training School Co., Ltd.	Lasa	Lasa	Service	100.00	100.00		New establishment
64. Tianjin Offcn Technology Co., Ltd.	Tianjin	Tianjin	Service	100.00	100.00		New establishment

1.2 Material non-wholly owned subsidiaries

None.

1.3 Main financial information in respect of material non-wholly owned subsidiaries

None.

1.4 Significant restrictions on the use of enterprise group assets and pay off debts of the enterprise group

None.

1.5 Financial support or other support provided to structured entities included in the scope of consolidated financial statements

None.

2. The transactions that have led to changes in the share of ownership in the subsidiary but still control the subsidiary

None.

3. Investment subject

None.

4. Interests in joint arrangements or joint ventures

Financial summary for non-important Joint venture and associated enterprise

Item	Ending balance / Current period	Opening balance / Last Period
Joint venture		
Total book value of investment	2,266.22	
Amount based on share-holding ratio	2,266.22	
--Net profit	2,266.22	
--Other comprehensive income		
--Total comprehensive income		
Associated enterprise:		
Total book value of investment	46,833,686.41	46,850,364.40
Amount based on share-holding ratio	-16,677.99	-2,149,635.60
--Net profit	-16,677.99	-2,149,635.60
--Other comprehensive income		
--Total comprehensive income		

5. Significant joint operations

None.

6. Interests in structured entities not included in the scope of consolidated financial statements

None.

7. Other

None.

Section X. Risks Associated With Financial Instruments

The company's main financial instruments include cash and cash equivalents, financial assets held for trading, accounts receivable, other receivables, debt investments, other equity instruments, 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 exposures to ensure that these risks are contained within a defined range.

Risk management objective and policy: 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 various risks to control the risks within the limited scope.

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

(1) 31 December 2022

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	385,328,555.74			<u>385,328,555.74</u>
Accounts Receivable	37,323,682.88			<u>37,323,682.88</u>
Other receivables	193,617,379.76			<u>193,617,379.76</u>
Other current assets	1,661.55			<u>1,661.55</u>
Other equity investment			121,300,000.00	<u>121,300,000.00</u>
Other non-current financial assets		27,680,000.00		<u>27,680,000.00</u>

(2) 31 December 2021

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	1,970,361,272.64			<u>1,970,361,272.64</u>
Financial assets held for trading		346,726,621.74		<u>346,726,621.74</u>
Accounts Receivable	40,374,842.27			<u>40,374,842.27</u>
Other receivables	219,501,061.83			<u>219,501,061.83</u>
Debt investment	7,058,993.55			<u>7,058,993.55</u>
Other current assets	12,833,701.81			<u>12,833,701.81</u>
Other equity investment			130,400,000.00	<u>130,400,000.00</u>
Other non-current financial assets		30,260,000.00		<u>30,260,000.00</u>

1.2 Carrying value of various financial liabilities at the balance sheet date as follows:

(1) 31 December 2022

Item	Financial liabilities at fair value through profit or loss	Other liabilities	Total
Accounts payable		287,088,393.76	<u>287,088,393.76</u>
Other payable		1,096,787,345.65	<u>1,096,787,345.65</u>
Non-current liabilities due within one year		578,821,921.03	<u>578,821,921.03</u>
Lease liability		508,752,253.77	<u>508,752,253.77</u>

(2) 31 December 2021

Item	Financial liabilities at fair value through profit or loss	Other liabilities	Total
Short-term borrowings		3,152,945,812.59	<u>3,152,945,812.59</u>
Accounts payable		282,032,916.52	<u>282,032,916.52</u>
Other payable		129,043,599.22	<u>129,043,599.22</u>
Non-current liabilities due within one year		531,876,007.31	<u>531,876,007.31</u>
Lease liability		635,691,184.87	<u>635,691,184.87</u>

2. Credit risk

The financial assets of the company include cash and cash equivalents, financial assets held for trading, 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 book value of accounts receivable and other receivables in the consolidated balance sheet is the biggest credit risk that the company may face. 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 (3) "Accounts receivable" and Note VII (5) "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 by using 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	31 December 2022			Total
	Within 1 year	1-5 years	Over 5 years	
Accounts payable	287,088,393.76			<u>287,088,393.76</u>
Other payable	1,096,787,345.65			<u>1,096,787,345.65</u>
Non-current liabilities due within one year	595,905,159.21			<u>595,905,159.21</u>
Lease liability		504,849,923.25	37,638,017.00	<u>542,487,940.25</u>

Continued:

Item	31 December 2021			Total
	Within 1 year	1-5 years	Over 5 years	
Short-term loan	3,152,945,812.59			<u>3,152,945,812.59</u>
Accounts payable	282,032,916.52			<u>282,032,916.52</u>
Other payable	129,043,599.22			<u>129,043,599.22</u>
Non-current liabilities due within one year	550,685,331.89			<u>550,685,331.89</u>
Lease liability		650,123,884.68	22,037,457.51	<u>672,161,342.19</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. Market risk mainly includes interest rate risk and foreign currency risk.

4.1. Interest rate risk

None.

4.2. Currency risk

None.

Section XI. Capital Management

The main objective of the company's capital management is to ensure the company's ability to continue operations and maintain healthy capital ratios to support the business and maximize shareholder value.

The company manages the capital structure and adjusts it according to the economic situation and changes in the risk characteristics of related assets.

To maintain or adjust the capital structure, the company may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The company is not subject to external mandatory capital requirements. There have been no changes in capital management goals, policies, or procedures in 2022 and 2021.

Section XII. Fair Value Disclosure

1. The ending fair value of assets and liabilities measured at fair value

Item	Fair value at the end of the period			
	Level 1	Level 2	Level 3	Total
I. Continuous fair value measurement				
(I) Transaction financial asset			27,680,000.00	<u>27,680,000.00</u>
1. Financial asset at fair value through profit or loss			27,680,000.00	<u>27,680,000.00</u>
(1) Debt instruments			27,680,000.00	<u>27,680,000.00</u>
(2) Equity instruments				
(3) Derivative financial assets				
2. Designated as financial asset at fair value through profit or loss				
(1) Debt instruments				
(2) Equity instruments				
(II) Other debt investments				
(III) Other equity instruments				
(IV) Investment properties			121,300,000.00	<u>121,300,000.00</u>
(V) Biological assets				
Total assets measured continuously at fair value				
(VI) Transaction financial liabilities			148,980,000.00	<u>148,980,000.00</u>
1. Financial liabilities at fair value through profit or loss				
Including: Issued held-for-trading bonds				
Derivative financial liabilities				
Other				
2. Designated as financial asset at fair value through profit or loss				
Total liabilities measured continuously at fair value				
II. Non-continuous fair value measurement				
(I) Assets held for sales				
Total assets measured non-continuously at fair value				
Total liabilities measured non-continuously at fair value				

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

None.

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 conversions

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. Other

None.

Section XIII. Related Party Relationships And Transactions

1. Basis of identifying related party

Parties are considered to be related if one party has the ability to control or joint control the other party or exercise significant influence over the other party. Parties(two or more than two) are also considered to be related if they are subject to common control, joint control or significant influence from other party.

2. The controlling shareholder of the company

The company is ultimately controlled by Li yongxin and Lu zhongfang. As of 31 December 2022, their combined shareholding accounted for 30.71% of the company's share capital.

3. Subsidiaries of the company

The details of the subsidiaries of the company are detailed in Note IX.(1) "Interest in subsidiaries".

4. Joint ventures and associates of the company

Name	Principal Business Address	Place of registration	Nature of business	Proportion of shareholding (%)		Accounting treatment
				Direct	Indirect	
Joint ventures						
Offcn Xietong (Jiaxing) Human Resources Co., Ltd.	Jiaxing	Jiaxing	Retail	50.00		Equity method
Associates						
Beijing Offcn Future Education Technology Co., Ltd.	Beijing	Beijing	Service	49.00		Equity method

5. Other related parties of the company

Name	Relationship
Li Yongxin	The controlling shareholder
Lu Zhongfang	The concerted action of the actual controller
Wang Zhendong	The company's directors / senior managers / shareholders 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
Chen Yuqin	Independent director of the company
Jiang Tao	Independent director of the company
Zhang XuanMing	Independent director of the company
Wang Qiang	Independent director of the company, Term from February 1, 2019 to January 28, 2022
Tong Yan	Independent director of the company, Term from February 1, 2019 to January 28, 2022
Yu Hongwei	Supervisor of the company
Li Wen	Supervisor of the company
He Di	Supervisor of the company
He Youli	Senior management of the company
Gui Hongzhi	Senior management of the company
Luo Xue	Senior management of the company
Wang Xuejun	Senior management of the company, Term from February 1, 2019 to January 28, 2022
Shenyang Lijing Mingzhu Hotel Management Co., Ltd.	Enterprises controlled by the directors of the company
Beijing Taifu Hotel Management Co., Ltd.	Enterprises controlled by the directors of the company
Beijing Chuangsheng Construction Decoration Engineering Co., Ltd.	Enterprises controlled by the directors of the company
Shanghai Beiding Network Technology Co., Ltd.	Enterprises controlled by the directors of the company
Ji'an Jingkai Lixiangxue Financial Information Service Co., Ltd.	Enterprises controlled by the directors of the company
Shaanxi Guancheng Industrial Co., Ltd.	Enterprises controlled by the directors of the company

Name	Relationship
Beijing Qianqiu Intelligence Book & Media Co., Ltd.	Actual controller
Beijing Haidian Offcn Training School	Actual controller
Beijing Haidian Baoquan Financial Training Center	Actual controller
Zhanjiang Xiashan Offcn Training Center	Actual controller
Haikou Meilan Offcn Training School	Actual controller
Baoding Lianchi Offcn Training School	Actual controller
Cangzhou Yunhe Offcn Training School	Actual controller
Handan Congtai Offcn Training School	Actual controller
Tangshan Lunan Offcn Training School	Actual controller
Heihe Aihui Offcn Training School	Actual controller
Chifeng Hongshan Offcn Training Centre	Actual controller
Leshan Shizhong Offcn Training School	Actual controller
Kiamusze Offcn Training School	Actual controller
Mudanjiang Xi'an Offcn Training School	Actual controller
Urumqi Shayibake Offcn Training Center	Actual controller
Yiyang Heshan Offcn Training School	Actual controller
Shaoyang Shuangqing Offcn Training School	Actual controller
Chengdu Wuhou Offcn Training School	Actual controller

Note: This report only lists related parties that have business dealings with the company during the reporting period.

6. Related-party transaction

6.1 Related transactions for the purchase and sale of goods, provision and receipt of services

6.1.1 the table of procurement of goods/acceptance of labor services

Related parties	Content of related party transaction	Amount for the current period	Amount for the previous period
Zhanjiang Xiashan Offcn Training Center	Joint school running	340,000.00	320,000.00
Beijing Haidian Offcn Training School	Joint school running	280,000.00	450,000.00

Related parties	Content of related party transaction	Amount for the current period	Amount for the previous period
Baoding Lianchi Offcn Training School	Joint school running	100,000.00	130,000.00
Cangzhou Yunhe Offcn Training School	Joint school running	80,000.00	120,000.00
Handan Congtai Offcn Training School	Joint school running	75,000.00	140,000.00
Beijing Haidian Baoquan Financial Training Center	Joint school running	60,000.00	120,000.00
Mudanjiang Xi'an Offcn Training School	Joint school running	48,500.00	60,500.00
Leshan Shizhong Offcn Training School	Joint school running	45,000.00	150,000.00
Tangshan Lunan Offcn Training School	Joint school running	40,000.00	140,000.00
Kiamusze Offcn Training School	Joint school running	28,500.00	60,500.00
Chifeng Hongshan Offcn Training Centre	Joint school running	10,000.00	50,000.00
Heihe Aihui Offcn Training School	Joint school running	9,000.00	66,500.00
Chengdu Wuhou Offcn Training School	Joint school running		280,000.00
Urumqi Shayibake Offcn Training Center	Joint school running		208,600.00
Shaoyang Shuangqing Offcn Training School	Joint school running		170,000.00
Yiyang Heshan Offcn Training School	Joint school running		80,000.00
Haikou Meilan Offcn Training School	Joint school running		20,000.00
Ji'an Jingkai Lixiangxue Financial Information Service Co., Ltd.	Fee	78,010,378.21	181,824,220.00
Shanghai Beiding Network Technology Co., Ltd.	Fee		1,320,000.00
Beijing Taifu Hotel Management Co., Ltd.	Accommodation and catering services		11,802,340.00

6.1.2 The table of sale of goods/provision of labor services

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 Service	2,647,169.74	3,364,150.85

6.2 Related fiduciary management / contracting and entrusted management / outsourcing

6.2.1 The company's entrusted management / contracting situation table:

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 Limited	33 Civil non-schools	19 October 2018	Long term	All reasonable returns on the entrusted assets	28,301.89
<u>Total</u>						<u>28,301.89</u>

6.2.2 The company's entrusted management / contracting situation table:

None.

6.3 Related lease

6.3.1 The company as the lessor:

None.

6.3.2 The company as the lessee:

Name of lessor	Category	Rental expense of simplified short-term leases and low-value asset leases (if applicable)		Variable lease payments that are not covered in the measurement of the lease liabilities (if applicable)		Paid rent		Interest expenses on the lease liabilities assumed		Added right-of-use assets	
		Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period
Shenyang Mingzhu Management Co., Ltd.	Lijing Hotel lease					25,030,700.00	25,030,700.00	2,026,413.28	8,993,436.23	-6,499,022.41	136,619,924.16
<u>Total</u>						<u>25,030,700.00</u>	<u>25,030,700.00</u>	<u>2,026,413.28</u>	<u>8,993,436.23</u>	<u>-6,499,022.41</u>	<u>136,619,924.16</u>

6.4 Related party guarantee

6.4.1 The company act as the guarantor

None.

6.4.2 The company is the guaranteed party

None.

6.5 Borrowing of funds from related parties

Related parties	Amount of money	Start Date	Due Date	Illustrate
Dismantling				
Lu Zhongfang	119,240,000.00	2022-11-4	2023-11-4	
Lu Zhongfang	840,000,000.00	2022-12-6	2023-12-6	

6.6 Related party assets transfer and debt restructuring

Related parties	Content of related party transaction	Asset pricing basis	Amount for the current period	Amount for the previous period
Beijing Chuangsheng Construction Decoration Engineering Co., Ltd.	purchase assets	Agreement price		513,815.00
<u>Total</u>				<u>513,815.00</u>

6.7 Key executive compensation

Item	Amount for the current period	Amount for the prior period
Key executive compensation	3,735,559.47	6,120,389.56

6.8 Other related transactions

6.8.1 Commissioned decoration/engineering

Related parties	Pricing basis	Amount for the current period		Amount for the prior period	
		Contract amount	Amount	Contract amount	Amount
Beijing Chuangsheng Construction Decoration Engineering Co., Ltd.	Agreement price				35,458,590.00

Related parties	Pricing basis	Amount for the current period		Amount for the prior period	
		Contract amount	Amount	Contract amount	Amount
<u>Total</u>					<u>35,458,590.00</u>

6.8.2 Liquidated damages income

Related parties	Amount for the current period	Amount for the prior period
Liaoning Hanhui Industrial Co., Ltd.		18,141,095.89
<u>Total</u>		<u>18,141,095.89</u>

7. Related party accounts receivable and payable

7.1 Accounts receivables

Item	Related party	Closing balance		opening balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Other receivable	Shenyang Lijing Mingzhu Hotel Management Co., Ltd.	5,675,200.00		5,675,200.00	
Other non-current assets	Beijing Offcn Future Education Technology Co., Ltd.	1,618,411,145.38		1,618,391,145.38	
<u>Total</u>		<u>1,624,086,345.38</u>		<u>1,624,066,345.38</u>	

7.2 Accounts payable

Item	Related party	Closing balance	opening balance
Account payable	Shaanxi Guancheng Industrial Co., Ltd.	43,060,000.00	83,060,000.00
Account payable	Beijing Chuangsheng Construction Decoration Engineering Co., Ltd.	14,506,981.00	59,506,981.00
Other account payable	Lu Zhongfang	959,240,000.00	
Other account payable	Ji'an Jingkai Lixiangxue Financial Information Service Co., Ltd.	14,383,404.77	57,000,000.00
<u>Total</u>		<u>1,031,190,385.77</u>	<u>199,566,981.00</u>

8. Related party commitments

None.

9. Other

None.

Section XIV. Share-based Payment

1. Overview of share-based payment

None.

2. Equity-settled share payments

None.

3. The Stock payment settled by cash

None.

4. Modification and termination of the stock payment

None.

5. Other

None.

Section XV. Contingencies and commitments

1. Important commitment

As of December 31, 2022, the Company was involved in some investors' lawsuits against the Company's liability for misrepresentation of securities. Because some litigation materials, case pleadings and other necessary information have not been completely handed over to the Company by Beijing Financial Court, the Company could not fully sort out the litigation amount, and

therefore could not estimate the amount of possible losses.

2. Contingencies

Significant contingencies on the balance sheet date.

As of December 31, 2022, the company was involved in some cases of investors suing the company for liability disputes over securities misrepresentation. Because some litigation materials, case pleadings and other necessary information have not been completely handed over to the company by the Beijing Financial Court, the company could not fully sort out the litigation amount, and could not estimate the amount of possible losses of the company.

3. Other

None.

Section XVI. Events After Balance Sheet Date

1. Significant unadjusted events

None.

2. Profit distribution

None.

3. Sales return

None.

4. Other adjustment events after balance sheet date

None.

Section XVII. Other Significant Events

1. Debt Restructuring

None.

2. Assets exchange

None.

3. Annuity plan

None.

4. Discontinued operations;

None.

5. Segment information

5.1 Report segment determining and accounting policy

The company's main production and operation activities are decided by the company, which is mainly engaged in education and training business. Therefore, the company is managed as an operating segment. For accounting policies, please refer to Note V to this report, "The Company's Significant Accounting Policies And Accounting Estimates".

5.2 Other information

5.2.1 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	4,801,848,887.15	6,860,282,371.30
Including: Education and training	4,801,848,887.15	6,860,282,371.30
Other business	22,965,218.28	51,440,960.49
<u>Total</u>	<u>4,824,814,105.43</u>	<u>6,911,723,331.79</u>

5.2.2 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	4,824,814,105.43	6,911,723,331.79
<u>Total</u>	<u>4,824,814,105.43</u>	<u>6,911,723,331.79</u>

5.2.3 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.

6. Borrowing costs

The company has no capitalized borrowing costs during the reporting period.

7. Foreign currency translation

None.

8. Lease

8.1 Lessor

8.1.1 Financial leasing.

None.

8.1.2 Operating lease

Assets leased out under operating leases:

Item	Closing balance	Opening balance
Land use rights		310,663,290.95
Buildings	450,260.54	334,273,250.51
<u>Total</u>	<u>450,260.54</u>	<u>644,936,541.46</u>

Item	Amount
I.Income situation	<u>1,602,191.15</u>
Lease income	1,602,191.15
Income related to variable lease payments not included in lease income	
II.Lease income not turned into cash for five consecutive fiscal years after the balance sheet date	<u>3,328,000.00</u>
Year 1	800,000.00
Year 2	800,000.00
Year 3	864,000.00
Year 4	864,000.00
Year 5	800,000.00
III.Lease income received for remaining years that is not turned into cash	<u>6,202,010.00</u>
Within 1 year (inclusive)	

Item	Amount
1-2 years (inclusive)	800,000.00
2-3 years (inclusive)	800,000.00
Over 3 years	4,602,010.00

8.2 Lessee

The lessee shall disclose the following information related to the lease

Item	Amount
Interest expense on lease liability	34,691,162.47
Short-term lease expenses included in current profit and loss	
Low-value asset leasing expense included in current profit and loss	
Variable lease payments not included in the measurement of the lease liability	
Income derived from sublease of right-of-use assets	
Total cash outflow related to lease	386,990,744.68
Gains and losses arising from sale and leaseback transactions	

9. Other significant transactions and matters that may affect investors' decision making

None.

10. Other

None.

Section XVIII. Notes Of Main Items In the Financial Statements of the Company as the Parent

1. Accounts receivable

1.1 Disclosure by aging

Item	Closing balance	Opening balance
Within 1 year (inclusive)	15,280.44	15,570,863.42
1-2 years (inclusive)	15,570,863.42	15,570,863.56

Item	Closing balance	Opening balance
2-3 years (inclusive)	15,570,863.56	
Less: Provision for bad debts	4,672,023.07	2,335,629.53
<u>Total</u>	<u>26,484,984.35</u>	<u>28,806,097.45</u>

1.2 Disclosure by bad debt accrual method

Item	Book balance		Bad debt		Book value
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Accounts receivable with a collective bad debt provision	31,157,007.42	100.00	4,672,023.07	15.00	26,484,984.35
Combination3	31,157,007.42	100.00	4,672,023.07	15.00	26,484,984.35
<u>Total</u>	<u>31,157,007.42</u>	<u>100.00</u>	<u>4,672,023.07</u>	==	<u>26,484,984.35</u>

Continued:

Item	Book balance		Bad debt		Book value
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Accounts receivable with a collective bad debt provision	31,141,726.98	100.00	2,335,629.53	7.50	28,806,097.45
Combination3	31,141,726.98	100.00	2,335,629.53	7.50	28,806,097.45
<u>Total</u>	<u>31,141,726.98</u>	<u>100.00</u>	<u>2,335,629.53</u>	==	<u>28,806,097.45</u>

Collective bad debt provision:

Item	Closing balance		
	Accounts receivables	Bad debt provision	Percentage of provision
Combination3	31,157,007.42	4,672,023.07	15.00
<u>Total</u>	<u>31,157,007.42</u>	<u>4,672,023.07</u>	==

1.3 Bad debt provision in the current period:

Item	Opening balance	Amount of change in the current period			Closing balance
		Provision	Recovery or reversal	Write-off Others	
Bad debt provision for accounts receivable	2,335,629.53	2,336,393.54			4,672,023.07
<u>Total</u>	<u>2,335,629.53</u>	<u>2,336,393.54</u>			<u>4,672,023.07</u>

1.4 Top five debtors with the biggest ending balances of accounts receivable

Name	Nature	Closing balance	Provision	Age	Percentage of total accounts receivable (%)
Yaxia Industrial	Lease	31,141,726.98	4,671,259.05	Within 3 years	99.95
Chuzhou Xinqiao Vehicle Brokerage Services Co., Ltd.	Lease	10,120.20	506.01	Within 1 year	0.03
Chuzhou Dongfang Zhilian Logistics Co., Ltd.	Lease	5,160.24	258.01	Within 1 year	0.02
Total		31,157,007.42	4,672,023.07	--	100.00

2. Other receivables

2.1 Classified listing

Item	Closing balance	Opening balance
Other receivables	22,848,853.79	20,699,731.33
<u>Total</u>	<u>22,848,853.79</u>	<u>20,699,731.33</u>

2.2 Other receivables

2.2.1 Disclosure by aging

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	2,149,122.46	1,758,288.04
1-2 years (inclusive)	1,758,288.04	991,922.30
2-3 years (inclusive)	991,922.30	17,949,520.99
3-4years (inclusive)	17,949,520.99	

Aging	Closing balance	Opening balance
Less: Provision for bad debts		
<u>Total</u>	<u>22,848,853.79</u>	<u>20,699,731.33</u>

2.2.2 Other receivables by nature of the payment

Item	Closing balance	Opening balance
Current account	22,843,253.79	20,694,131.33
Deposits and guarantees	5,600.00	5,600.00
<u>Total</u>	<u>22,848,853.79</u>	<u>20,699,731.33</u>

2.2.3 Withdrawing process of bad debt provision

None.

2.2.4 Bad debt provision in the current period

None

2.2.5 Top 5 other receivable at the end of the period

Creditor	Nature of payment	Closing balance	Aging	Percentage of total other receivables (%)	Bad debt provision
Bozhou Yaxia Motor Vehicle Driver Training School Co., Ltd	Current account	10,702,771.11	within 4 years	46.84	
Wuhu Yawei Automobile Sales and Service Co., Ltd	Current account	4,079,684.08	within 4 years	17.86	
Suzhou Bokai Automobile Sales and Service Co., Ltd	Current account	3,953,693.27	within 4 years	17.30	
Huangshan Yaxia Fudi Automobile Sales Service Co., Ltd.	Current account	2,067,252.57	within 4 years	9.05	
Lu'an Zhongke Real Estate Information Consulting Co., Ltd	Current account	990,500.00	within 1 year	4.34	
<u>Total</u>		<u>21,793,901.03</u>		<u>95.39</u>	

3. Long-term equity investments

Item	Closing balance		Opening balance	
	Book balance	Impairment provision	Book value	Book value
Investment in subsidiaries	19,143,591,207.14		19,143,591,207.14	19,143,591,207.14
Investment for associates and joint venture	46,810,376.23		46,810,376.23	46,824,788.00
<u>Total</u>	<u>19,190,401,583.37</u>		<u>19,190,401,583.37</u>	<u>19,190,415,995.14</u>

3.1 Investment in subsidiaries

Investee	Opening balance	Increase	Decrease	Closing balance	Provision for impairment	Impairment reserve closing balance
Offcn Limited	18,500,000,000.00			18,500,000,000.00		
Lu'an Zhongke Real Estate Information Consulting Co., Ltd.	489,131,700.00			489,131,700.00		
Lu'an Yazhong Real Estate Information Consulting Co., Ltd.	72,151,600.00			72,151,600.00		
Wuhu Yawei Automobile Sales Service Co., Ltd.	23,000,000.00			23,000,000.00		
Ningguo Yaxia Motor Vehicle Driver Training School (Co., Ltd.)	17,474,782.14			17,474,782.14		
Huangshan Yaxia Fudi Automobile Sales Service Co., Ltd.	5,000,000.00			5,000,000.00		

Investee	Opening balance	Increase	Decrease	Closing balance	Provision for impairment	Impairment reserve closing balance
Chaohu Yaxia Kaixuan Automobile Sales Service Co., Ltd.	5,000,000.00			5,000,000.00		
Bozhou Yaxia Motor Vehicle Driver Training School Co., Ltd.	20,000,000.00			20,000,000.00		
Suzhou Bokai Automobile Sales Service Co., Ltd.	11,833,125.00			11,833,125.00		
<u>Total</u>	<u>19,143,591,207.14</u>			<u>19,143,591,207.14</u>		

3.2 Investment in associates and joint ventures

The invested entity	Opening balance	Changes for the year							Closing balance	Closing balance of provision for impairment
		Increase	Decrease	Investment profit under equity method	Other comprehensive income adjustment	Other equity change	Cash dividends or profits announced of issuance	Provision for impairment		
I. Joint ventures										
Offcn Xietong (Jiaxing) Human Resources Co., Ltd.				2,266.22						2,266.22
<u>subtotal</u>				<u>2,266.22</u>						<u>2,266.22</u>

The invested entity	Opening balance	Changes for the year							Closing balance	Closing balance of provision for impairme nt
		Increase	Decrease	Investment profit under equity method	Other comprehensive income adjustment	Other equity change	Cash dividends or profits announced of issuance	Provision for impairment		
II. Associates										
Beijing Offcn Future Education Technology Co., Ltd.	46,824,788.00			-16,677.99						46,808,110.01
<u>subtotal</u>	<u>46,824,788.00</u>			<u>-16,677.99</u>						<u>46,808,110.01</u>
<u>Total</u>	<u>46,824,788.00</u>			<u>-14,411.77</u>						<u>46,810,376.23</u>

4. Share capital

Item	Opening balance	Changes in the current period (+, -)				Closing balance
		Issue new shares	Bonus share	Provident fund transfer to share capital	other	
1. Shares with limited sale conditions	4,564,776,021.00				-3,076,550,617.00	1,488,225,404.00
1.1. Other domestic shares	4,564,776,021.00				-3,076,550,617.00	1,488,225,404.00
Inc: Domestic legal person shares	89,117,723.00				-89,117,723.00	
Domestic natural person holdings	4,475,658,298.00				-2,987,432,894.00	1,488,225,404.00
2. Shares in circulation without restrictions on sale	1,602,623,368.00				3,076,550,617.00	4,679,173,985.00
common stock	1,602,623,368.00				3,076,550,617.00	4,679,173,985.00
<u>Total</u>	<u>6,167,399,389.00</u>					<u>6,167,399,389.00</u>

5. Operating income and operating costs

Item	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Other businesses	1,483,143.55	10,359.40	14,831,488.06	11,230,514.83
<u>Total</u>	<u>1,483,143.55</u>	<u>10,359.40</u>	<u>14,831,488.06</u>	<u>11,230,514.83</u>

6. Investment income

Item	Amount for the current period	Amount for the prior period
Long-term equity investments income under equity method	-14,411.77	-2,174,511.83
Dividend income obtained during the holding period of other equity instrument investments	1,659,840.00	1,327,872.00
Investment income from Financial product	74,257.03	10,466.92



Item	Amount for the current period	Amount for the prior period
<u>Total</u>	<u>1,719,685.26</u>	<u>-836,172.91</u>

Section XIX. Supplementary Information

1. Pursuant to the Explanatory Announcement for Information Disclosure of Companies Offering Securities to the Public No.1-Non-recurring Profit and Loss issued by China Securities Regulatory Commission, non-recurring profit and loss as follows.

Breakdown of non-recurring profit and loss during the reporting period

Breakdown of non-recurring profit and loss	Amount	Description
(1) Profit and loss on disposal of non current assets	-9,500,665.47	
(2) Tax refunds, reductions or exemptions without approval or without formal approval documents		
(3) Government subsidies included in the current profit and loss (closely related to the business of the enterprise, except for government subsidies that are fixed or quantified in accordance with national unified standards)	27,446,041.19	
(4) Capital occupation fees charged to non-financial enterprises included in the current profit and loss		
(5) The company can obtain the differences when the investment cost of an enterprise's acquisition of subsidiaries, associates and joint ventures is less than the income derived from the fair value of the identifiable net assets of the investee.		
(6) Non-monetary asset exchange gains and losses		
(7) Profit or loss from entrusting others to invest or manage assets	8,152,962.12	
(8) Impairments for assets due to force majeure factors, such as natural disasters		
(9) Debt restructuring gains and losses		
(10) Enterprise restructuring costs, such as expenses for relocating employees, integration costs, etc.		
(11) Gains and losses in excess of fair value resulting from transactions where the transaction price was significantly unfair		
(12) Net profit or loss for the period from the beginning of the subsidiary to the business combination date resulting from a business combination under the same control.		
(13) Gains and losses from contingencies unrelated to the company's normal business operations		
(14) In addition to the effective hedging business related to the company's normal business operations, the holding of financial assets held for trading, derivative financial assets, financial liabilities held for trading, and changes in fair value arising from derivative financial liabilities, and disposal of financial assets held for trading, derivative finance investment income from assets, financial liabilities held for trading, derivative financial liabilities and other debt investments	-6,026,850.74	
(15) Receivables and contract asset impairment reserves that are individually tested for impairment are reversed.		
(16) Gains and losses from external entrusted loans		

Breakdown of non-recurring profit and loss	Amount	Description
(17) Gains and losses from changes in the fair value of investment real estate that are subsequently measured at the fair value model		
(18) The impact on the current profit and loss should be adjusted in one time in accordance with the requirements of tax and accounting laws		
(19) Custody fee income from entrusted operations	28,301.89	
(20) Non-operating income and expenses other than the above	-4,778,597.36	
(21) Other profit and loss items that meet the definition of non-recurring profit and loss		
Total non-recurring profit and loss	15,321,191.63	
Less: Amount of income tax impact	4,303,758.56	
Non-recurring profit and loss after deducting income tax effects	11,017,433.07	
Inc: Non-recurring profit and loss attributable to owners of the parent company	11,017,433.07	
Non-recurring profit and loss attributable to minority shareholders		

2. Return on equity and earnings per share

Profit for the reporting period	Weighted average	Earnings per share	
	return on net assets (%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the company	-82.59	-0.18	-0.18
Net profit attributable to ordinary shareholders of the company after deducting non-recurring gains and losses	-83.42	-0.18	-0.18