



OFFCN EDUCATION TECHNOLOGY CO., LTD.

2019 Annual Report

Stock Code: 002607

Stock Abbr.: OFFCN EDU

March, 2020

Chapter I. Important Notes, Contents and Definitions

The board of directors, the supervisor committee, the directors, supervisors, and senior management of the company shall hereby guarantee the authenticity, accuracy and completeness of the annual report also without misrepresentations, misleading statements, or material omissions, and bear individual and joint legal liabilities.

Wang Zhendong, the Company's legal representative, Shi Lei, the person in charge of accounting work, and Luo Xue, the person in charge of the accounting department, hereby declare that the financial report in this Annual Report is authentic, accurate and complete.

All directors attended the board meeting approving this Annual Report.

Non-standard audit report

Applicable Not applicable

Major deficiencies of internal control

Applicable Not applicable

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

According to the arrangement of the major assets restructuring in 2018, the net profits attributable to shareholders of the parent company after deducting non-recurring profits and losses from the restructuring counterparty, Beijing Offcn Education Technology Co., Ltd. shall be no less than RMB 930 million, RMB 1.3 billion and RMB 1.65 billion in years of 2018, 2019 and 2020 respectively. Beijing Offcn Education Technology Co., Ltd. has achieved the net profits after deducting non-recurring profits and losses amounted to RMB 1,122,779,085.16 and RMB 1,719,196,366.83 in 2018 and 2019, with a completion rate of 120.73% and 132.25% respectively.

According to the profit distribution proposal reviewed and approved by the Company's Board of Directors on March 9, 2020, based on the total share capital of 6,167,399,389 shares as of December 31, 2019, a cash dividend of RMB 2.40 (including tax) will be distributed for every 10 shares to all shareholders in a total of RMB 1,480,175,853.36. No equity dividends will be distributed and the equity reserves will not be converted to share capital.

Note: The Company's 2019 Annual Report is prepared and published in Chinese version, and the English version is for reference only. Should there be any inconsistency between the Chinese version and English version, the Chinese version shall prevail.

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Definitions

Term(s)	Definition
The listed Company , The Company, Offcn Edu	Offcn Education Technology Co., Ltd.
Yaxia Auto	Yaxia Automobile Co., Ltd. (predecessor of the listed Company)
The Counterparty, Li Yongxin and other 10 Counterparties, All Shareholders of Offcn Ltd.	Lu Zhongfang, Li Yongxin, Wang Zhendong, Aerospace Industry, Guangyin Venture, Kerui Technology Innovation, Guo Shihong, Liu Bin, Zhang Yongsheng, Yang Shaofeng, Zhang Zhian
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.
Retained Assets	In this transaction, the retained assets of the listed Company as of the evaluation base date, including: 1) 18% shares of Shanghai Zuighuibao Network Technology Co., Ltd. 2) 7.81% shares of Anhui Ningguo Rural Commercial Bank Co., Ltd. ; 3) 12 cases of state-owned land using rights and attached properties and construction in process on the land.
Exchang-out Assets	All assets and liabilities of Yaxia Auto except retained assets
Yaxia Industry	Anhui Yaxia Industry Co., Ltd. Formerly ultimate controlling company of the Company
Phase I Employee Stock Ownership Plan	Phase I employee stock ownership plan of Yaxia Auto Co., Ltd.
Yaxia Industry and Persons Acting in	Yaxia Industry, Zhou Xiayun, Zhou Hui, Zhou Li, Phase I employee stock ownership plan

Term(s)	Definition
Concert	
Aerospace Industry	Beijing Aerospace Industry Investment Fund (Limited Partnership)
Guangyin Venture	Beijing Guangyin Venture Capital Center (Limited Partnership)
Kerui Technology Innovation	Beijing Kerui Technology Innovation Investment Center (Limited Partnership)
Offcn Partnership	Beijing Offcn Future Information Consulting Center (Limited Partnership), established by all shareholders of Offcn Ltd. in accordance with the shareholdings ratio, which is used to undertake 80,000,000 shares of the listed Company transferred by Yaxia Industry
Offcn Online	Beijing Offcn Online Education Technology Co., Ltd.
Performance Compensation Obligor, Performance Commitment Person	Lu Zhongfang, Li Yongxin, Wang Zhendong, Guo Shihong, Liu Bin, Zhang Yongsheng, Yang Shaofeng, Zhang Zhian
Committed net profit	Committed net profit attributable to shareholders of the parent company after deducting non-recurring profits and losses under the consolidated statement of any of the three fiscal years of Offcn Edu.
Actual net profits	The actual net profits attributable to shareholders of the parent company after deducting non-recurring profits and losses under the consolidated statements of any of the three fiscal years of Offcn Edu.
Net profits after deducting non-recurring profits and losses	The net profits attributable to the owner of the parent company after deducting non-recurring profits and losses under the consolidated statement.
Offcn Ltd. Beijing Offcn	Beijing Offcn Education Technology Co., Ltd. (predecessor: Beijing Offcn Education Technology Stock Co., Ltd.)
Offcn Online	Beijing Offcn Online Education Technology Co., Ltd.
<i>Profit Compensation Commitment</i>	<i>Profit Compensation Commitment</i> signed by Yaxia Auto and Lu Zhongfang, Li Yongxin, Wang Zhendong, Guo Shihong, Liu Bin, Zhang Yongsheng, Yang Shaofeng, Zhang Zhian.
CSRC	China Securities Regulatory Commission
SZSE	Shenzhen Stock Exchange

Term(s)	Definition
<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>
the Articles of Association	Articles of Association of Offcn Education Technology Co., Ltd.
RMB	Chinese yuan
The Live Program	Students can watch real-time online teaching (not limited to video, voice, PPT, animation, etc.) through the Internet in a fixed time. During the teaching process, interaction between teachers and students can be realized through voice or text.

Chapter II. Corporate Profile & Key Financial Indicators

Section I. Corporate profile

Stock Abbreviation	OFFCN EDU (Yaxia Auto has been renamed as OFFCN EDU on February 21, 2019)	Stock Code	002607
Stock Abbreviation after Changed	OFFCN EDU		
Stock Exchange	Shenzhen Stock Exchange		
Name of the Company in Chinese	中公教育科技股份有限公司		
Abbreviation of the Company's Name in Chinese	中公教育		
Name of the Company in English	Offcn Education Technology Co., Ltd.		
Abbreviation of the Company's Name in English	OFFCN EDU		
Legal Representative of the Company	Wang Zhendong		
Registered Address	Yaxia Auto City, Yijiang North Road, Jiujiang District, Wuhu City, Anhui Province, China		
Postal Code for Registered Address	241000		
Office Address	Block B, Hanhua Century Mansion, No.23 Xueqing Road, Haidian District, Beijing, China		
Postal Code for Office Address.	100089		
Company Website	http://www.offcn.com		
E-mail	ir@offcn.com		

Section II. Contact information

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

Section III. Information disclosure and location of the Annual Report

Media Designated by the Company for Information Disclosure	<i>Securities Times, Shanghai Securities News and China Securities Journal</i>
Website Designated by the China Securities Regulatory Commission (CSRC) for the Publication of 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. Alteration of Company Registration

Organization Code	91340200711040703A
Changes of Core Business Activities Since the Company was Listed	The core business has transformed from automotive filed (Brand car distribution, maintenance, decoration, car beauty, car rental, auto finance, auto insurance brokerage, second-hand car brokerage and distribution, driving training, etc.) into technology development, service, promotion, transfer, consultation, and education training (branches only) in the field of educational technology. It undertakes exhibition services, organizes cultural and artistic exchange activities (excluding performances), conference services and business management consulting. (For projects subject to approval according to law, business activities can be carried out only after approval by relevant departments).

Changes of Controlling Shareholder of the Company	The controlling shareholder was changed from Anhui Yaxia Industry Co., Ltd. to Lu Zhongfang and Li Yongxin during the reporting period.
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Section V. Other relevant information

Accounting firm hired by the Company:

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

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

Applicable Not applicable

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

Applicable Not applicable

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

Section VI. Key Accounting Information and Financial Indicators

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

Yes No

	2019	2018	Increase/Decrease Over Previous Year End	2017
Revenue (RMB)	9,176,129,995.89	6,236,987,812.57	47.12%	4,031,257,331.70

Net profit attributable to shareholders of the parent company (RMB)	1,804,548,688.01	1,152,887,416.22	56.52%	524,837,228.26
Net profit after deducting non-recurring profit or loss attributable to shareholders of the parent company (RMB)	1,700,369,663.16	1,112,879,085.16	52.79%	495,080,555.61
Net cash flow from operating activities (RMB)	2,473,986,085.19	1,407,946,376.93	75.72%	999,410,591.54
Basic earnings per share (RMB/share)	0.29	0.22	31.82%	0.10
Diluted earnings per share (RMB/share)	0.29	0.22	31.82%	0.10
Weighted average return on net assets	60.71%	71.89%	-11.18%	66.93%
	Year End 2019	Year End 2018	Increase/Decrease Over Previous Year End	Year End 2017
Total assets (RMB)	9,960,705,427.94	7,202,071,521.23	38.30%	3,234,754,509.88
Total equity attributable to shareholders of the parent company (RMB)	3,431,545,903.82	2,953,951,905.00	16.17%	1,000,314,049.84

The total share capital of the company as of the previous trading day before disclosure:

The total share capital of the company as of the previous trading day before disclosure (share)	6,167,399,389
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Fully diluted earnings per share using latest equity:

Dividend paid for preferred shares	0.00
Fully diluted earnings per share using latest equity (RMB/share)	0.2926

Were there corporate bonds?

Yes No

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

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

Applicable Not applicable

There is no difference between the net profits and net assets disclosed in the financial reports of the Company under Chinese accounting standards and international accounting standards during the reporting period.

2. Differences between net profits and net assets disclosed in the financial reports under Chinese accounting standards and overseas Accounting Standards:

Applicable Not applicable

There is no difference between the net profits and net assets disclosed in financial reports of the Company under Chinese accounting standards and overseas accounting standards during the reporting period.

3. Reasons for the differences between accounting data under domestic and foreign accounting standards

Applicable Not applicable

Section VIII. Quarterly key Financial Indicators

Unit: RMB

	The First Quarter	The Second Quarter	The Third Quarter	The Fourth Quarter
Revenue	1,311,632,662.04	2,325,786,853.44	2,521,688,418.01	3,017,022,062.40
Net profit attributable to shareholders of the parent company	106,193,482.28	386,831,982.87	465,837,656.14	845,685,566.72
Net profit after deducting non-recurring profit or loss attributable to shareholders of the parent company	107,644,815.54	364,790,101.80	416,140,588.66	811,794,157.16
Net cash flow from operating activities	2,422,743,973.91	1,932,022,824.62	-1,312,107,088.75	-568,673,624.59

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

Yes No

Section IX. Non-Recurring Profit or Loss

Applicable Not applicable

Unit: RMB

Item	2019	2018	2017	Note
Profit and loss on disposal of non current assets (including offsetting amount for the provision of impairment of assets)	182,904.69	2,424,436.19	34,731.89	
Tax refunds, reductions or exemptions without approval or without formal approval documents				
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)	472,098.91		591,586.30	
Capital occupation fees charged to non-financial enterprises included in the current profit and loss				
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				
Non-monetary asset exchange gains and losses				
Profit or loss from entrusting others to invest or manage assets	184,130,073.02	105,926,458.77	94,651,221.63	
Impairments for assets due to force majeure factors, such as natural disasters				
Debt restructuring gains and losses				

Enterprise restructuring costs, such as expenses for relocating employees, integration costs, etc.				
Gains and losses in excess of fair value resulting from transactions where the transaction price was significantly unfair				
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				
Gains and losses from contingencies unrelated to the company's normal business operations				
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	1,712,787.50			
Receivables and contract asset impairment reserves that are individually tested for impairment are reversed				
Gains and losses from external entrusted loans				
Gains and losses from changes in the fair value of investment real estate that are subsequently measured at the fair value model				
The impact on the current profit and loss should be adjusted in one time in accordance with the requirements of tax and accounting laws				
Custody fee income from entrusted operations	411,320.75	2,697,559.29		
Non-operating income and expenses other than the above	-1,341,412.25	-489,475.49	-6,555,041.66	

Other profit and loss items that meet the definition of non-recurring profit and loss	-53,800,000.00	-53,800,000.00	-53,800,000.00	0
Less: Amount of income tax impact	27,588,747.77	16,750,647.70	5,165,825.51	
Profit or loss attributable to minority shareholders (after tax)				
Non-recurring profit and loss attributable to owners of the parent company	104,179,024.85	40,008,331.06	29,756,672.65	--

Provide explanations for classifying non-recurring profit and loss items defined or listed in the Explanatory Announcement No. 1 for Public Company Information Disclosures – Non-recurring Profits and Losses, and for classifying non-recurring profit and loss items listed in the Explanatory Announcement No. 1 for Public Company Information Disclosures – Non-recurring Profits and Losses as recurring profit and loss items.

Applicable Not applicable

The Company has not classified non-recurring profit and loss items defined or listed in the Explanatory Announcement No. 1 for Public Company Information Disclosures – Non-recurring Gains and Losses as recurring profit and loss items in the reporting period.

Chapter III. Corporate Business Summary

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

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

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

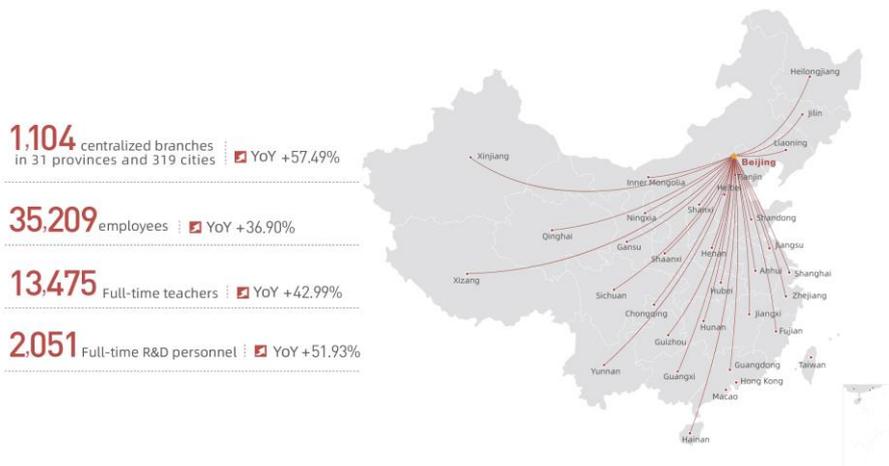
For hundreds of millions of knowledge-based people, the Company's main business covers three major sectors including enrollment examination training, academic qualification preparation and vocational ability training, and it provides more than 100 categories of comprehensive vocational training services. The company operates in more than 1,000 outlets across the country, covering more than 300 prefecture-level cities, and is rapidly expanding into thousands of counties and universities.

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

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

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

After a long term exploration and accumulation, Offcn Education has a large-scale full-time R&D team of more than 2,000 people, a large-scale teacher team of more than 13,000 people, and a total staff of more than 35,000 people. Relying on outstanding team execution and nationwide vertical integration and rapid response capabilities, the Company has developed into an innovation-driven high-growth enterprise platform.



2. Overview of the industry and business environment in 2019

(1) The acceleration of economic transformation and public service investment is creating robust momentum both for the public recruitment test training and for the overall vocational education.

Shortage of public services is a fundamental reality in our country. It forces families to spend more on public consumption by reducing personal consumption, which significantly limits the economies of scale in consumption, and brings a negative effect on economic growth. Therefore, it is a popular sentiment to expand public services such as education, medical care, social service and other public services, so as to benefit both the country and the people.

In the past several years, the demands for recruitment of teachers, civil servants and other public service divisions continuously remained at a high level. The long term trend of driving economic growth model transformation by expanding public consumption is formed gradually. Such trend has been confirmed in the second half of 2019, when the state council and relevant department delivered policies to promote the employment. The outbreak of novel corona virus accelerates the involvement of the trend. Expanding both in recruitment of public services and enrollment of graduate schools has become a clear orientation of government policy.

(2) The industry of vocational education bids farewell to the state of dispersal and has entered into a new stage of the demand release led by the top players of large scale.

From the beginning, the lack of cost-effective products and services with high quality has been the principal contradiction for the industry. The scale of demand is depressed by the capability of supplying. Except the sector of public service recruitment training, many sub-tracks of the two larger sectors of academic qualification improvement and vocational training have been in the small-sized and scattered state for a long time.

There are two main aspects accounting for such situation. Firstly, these two sectors serve the existing labor force mainly as a part-time learner. The working population is not as concentrated in colleges or universities as those fresh graduates who have the graduation employment season and demand of employment is highly dispersed. And

it is not a direct employment service of colleges or universities, but only indirectly enhances their employment competitiveness, so the demand is rigid but cannot be compared with the recruitment field. The external and institutional environment appears more mild and has not produced significant revolutionary forces.

By contrast, the booming of the recruitment sector over the past two decades has been driven by the superposition of the forces of economic and social change in urbanization and the expansion of universities. More importantly, It provides high-value-added services related to direct employment for the incremental labor force centered on fresh graduates of universities. There are profound market environment reasons behind the recruitment section that can produce enterprises with billions of revenues. such as Offcn Education. .

Therefore, without the accumulation and transferring of enterprise power formed by the employment market of the incremental labor population, it is difficult for the pioneers of the existing labor employment market to break the scale ceiling of 1 billion revenues, and it seems hard for a single track to break the 5 billion scale boundary. .

The emergence of large scale enterprises will have a profound impact on the structure of the existing labor force. From the operation of the training market related to incremental labor employment to the creation of a training market related to the employment of existing labor, it will be a great leap forward, and the overall vocational education industry will gain a geometric progression.

The formation of large scale enterprises is an essential prerequisite for the leap. Only large companies can break through the difficult obstacles brought by the extreme fragmentation of the market. Through full investment in the core areas of management such as R&D, channels, and management, we can create cost-effective products and detonate the huge demand in order to rotate the high-growth flywheel to create a tens of billions of vocational education tracks.

(3) Main industry characteristics and cyclical characteristics

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

The training of public services recruitment test is seasonal. Students always take training classes within 1-2 years before or after their graduations.

The national civil servant test takes place once a year, and the provincial examinations for each province are basically once a year and provinces form a common sense that in the first half of the year, there is a relatively concentrated large-scale entrance and a small-scale entrance examination in the second half of the year. Institutes

and teachers are recruited according to the needs of the provinces and cities, which are evenly distributed throughout the year. It is obvious that the number of exams amounts to tens of thousands.

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

Section II. Major Changes in Key Assets

1. Major Changes in Key Assets

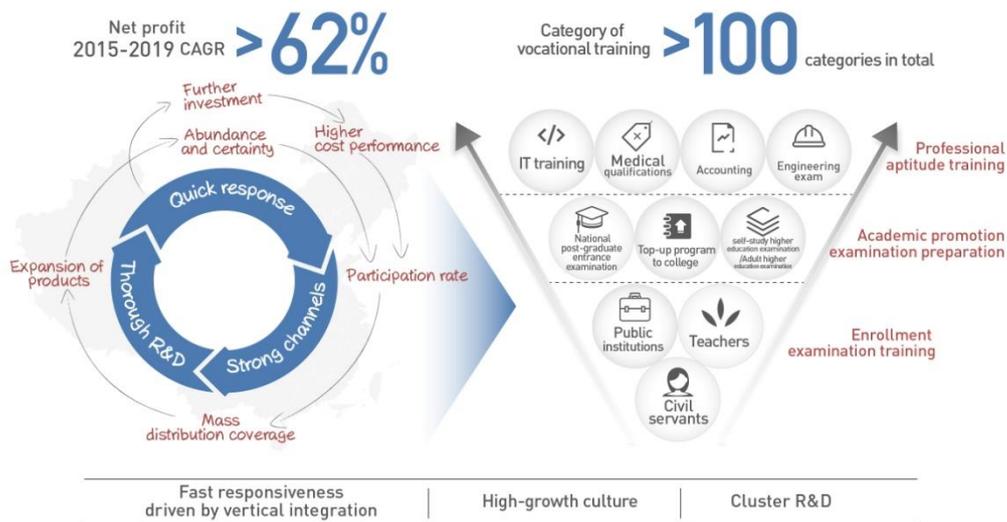
Key Assets	Description on major Changes
Equity assets	No major changes
Fixed assets	No major changes
Intangible assets	No major changes
Construction in progress	Mainly due to new construction projects in this period
Accounts Receivable	Mainly due to the collection of accounts receivable
Prepayments	Mainly due to the expansion of business scale
Other receivables	Mainly due to increased deposits and guarantees
Other non-current financial assets	Mainly due to the increase in wealth management products that have not expired at the end of the period and have a term of more than one year
Deferred tax assets	Mainly due to deductible losses and increase in unpaid employee compensation
Other non-current assets	Mainly due to payment of land payment and prepaid renovation costs

2. Key Overseas Assets

Applicable Not applicable

Section III. Analysis of the Company's core competitiveness

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



1. Outstanding execution fosters the fast-growth culture

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

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

At the beginning of the career, the Company took the lead in carrying out full-time and professional R&D, based on which it created a brand-new market. Over the past decade, the Company has fostered an expert team with rich practical experience of R&D and R&D management through front-line teaching practice and adaption to market upgrading. Under the joint lead of the founding team and the expert team, a full-time R&D team of more than 2,000 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 continuously creates R&D cluster effect of continuous collaboration between categories, which greatly improves the efficiency of R&D, especially the graft efficiency of stock R&D resources for new categories and new businesses.

3. Rapid response capability based on the vertical integrated system is the corporate structure and working efficiency support for sustained and high growth

The high operation efficiency far beyond the general industries is a necessity to realize scale economy and establish competitive barrier in the decentralized market. Therefore, vertical integrated rapid 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, the effect of management and learning far above 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 high growth and 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 with constantly accelerating expansion. Simultaneously, the headquarters command center continues to seek the scale effect of management with the help of management reform and digital operation. In recent years, 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.

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

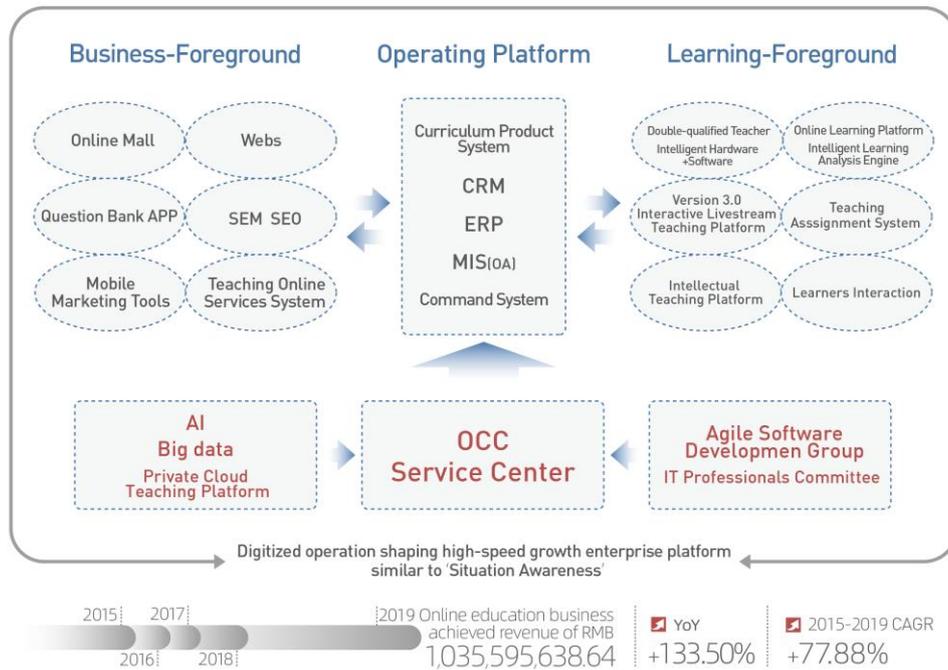
Investment capacities between multi-categories gets accumulated and superposed, and the flywheel effect of multi-categories growth constantly increases, and the development of new and old categories mutually amplifies investment adequacy, thus a stronger ability of operating infrastructure is jointly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

The main business of the Company, whose customers include hundreds of millions of knowledge-based labor population aged between 18 and 45 across the country, spans three sectors of training for enrollment examination, education improvement and professional competence, to provide comprehensive vocational training services covering more than 100 categories.

At present, the flywheel effect of growth has expanded to involve the three sectors and magnified the Company’s growth prospects step by step. The sector of education improvement will become an important impetus for growth in 3 to 5 years while the sector of professional competence training will become the largest and the most significant contributor to the growth of the Company in 5 to 10 years.

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

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



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

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 Good & Do Right” and advocating altruism. Not only has it become a company system, but also the founding team has taken the lead to set an example, driven it step by step, and unswervingly implemented it in the operation, making the values of Offcn ubiquitous and endless in the enterprise. This distinctive and tangible corporate culture allows the company to maintain strong organizational cohesion in high growth.

7. OFFCN EDU strives to 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 establishment of the first Party school of non-public-owned enterprise in 2019, the Party committee of Offcn has fully utilized the company's advantages of knowledge, theory, and technology and actively promotes and implements the Party's political routes, principles, and policies to employees and students. Meanwhile, Offcn focuses on the integration of the Party building of non-public enterprises and corporate culture construction to promote the healthy and vigorous development of the enterprise.

As of December 31, 2019, the company had 8,367 Party members, accounting for more than one-fifth of the total number of employees.

Chapter IV. Discussion and Analysis of Corporate Operating

Section I. Overview

The year of 2019 was the closing year for the reform of national governmental institutions. During the last year, the overall demand of civil servant recruitment was not meeting our forecast. However, with all your attention and supports, and thanks to all the great efforts, courage, perseverance and excellent performance of the team, our company's performance realized a substantial growth. The amount of performance profits significantly exceeded the commitment we made for the last year at the time of the company's major assets restructuring, as well as the high expectations in the capital market. We are even happier to see that after working wholeheartedly together in the last year, the will of our team has become stronger, and the fast-response ability of the company's rapid-growing platform was again systematically improved. With our performance surpassing the line of RMB 10 billion, it marked a new fast-growing era of the company under the scale economies effect.

1. Outstanding execution triggered the superposition of high-growth culture, and the performance of the current period has been drastically improved.

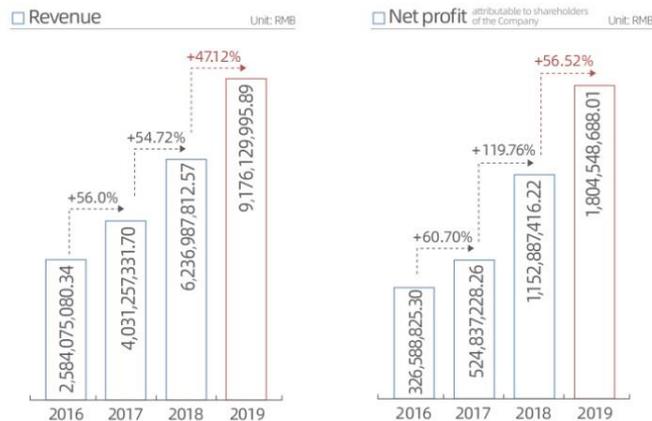
Under an overall bleak public services recruitment trend throughout the year, the company still achieved rapid growth against the trend, and laid a solid foundation for the business growth brought about by the 2020 national employment stabilization policy. During the reporting period, the Company achieved a gross revenue of RMB 9,176,129,995.89, representing an increase of 47.12% as compared with the same period of last year. Accordingly, the net profits attributable to shareholders of the parent company amounted to RMB 1,804,548,688.01, increased by 56.52% as compared with the same period of last year; and net profits attributable to shareholders of the parent company after deducing non-recurring profits and losses amounted to RMB 1,700,369,663.16, increased by 52.79% as compared with the same period of last year.

To achieve such a significant growth in a short period of time with adversity, excellent execution of the team would be the most important factor, which is embedded in the high-growth culture accumulated and shaped in the long-term exploration. the company could grow fast naturally when the business climate is good, while under unsound circumstances, the high-growth culture itself would trigger the superposition of high-growth culture itself and refresh the team's understanding of refined operations and actions and thus greatly increase the current business performance. Then the company can reverse the potential energy of falling and ultimately achieve high growth in performance. Furthermore, it can solidify this high level of current business performance.

The key Operating Resources and Performance Indicators Shown in the Table Below:

Item	Indicators	At the End of the Reporting Period	At the End of Last Year	Year-on-year Change (%)
Operating	Directly Operated Branches	1,104	701	57.49%

Resources	Employees	35,209	25,718	36.90%
	R&D personnel	2,051	1,350	51.93%
	Teachers	13,475	9,424	42.99%
Business	Face-to-face Training Students	1,508,160	1,192,103	26.51%
	Online Training Students	1,779,196	1,115,779	59.46%
	Face-to-face Training Income (RMB)	8,083,730,102.79	5,770,250,029.33	40.09%
	Online Training Students (RMB)	1,035,595,638.64	443,502,944.37	133.50%
Revenues & Profits	Revenue (RMB)	9,176,129,995.89	6,236,987,812.57	47.12%
	Net profits Attributable to Shareholders of the Company(RMB)	1,804,548,688.01	1,152,887,416.22	56.52%



Financial Results Maintained Fast Growth ◀

2. Digital Operation Deeply Matched with the Fast Response System with the Explosive Growth of Online and Offline Integration Business.

During the reporting period, we, the company proactively embrace innovation, promote the in-depth matching between digital operations and the vertically integrated rapid response system, and used the power of digital operation to seek a more effective level of rapid response, further enhancing the company's core competitiveness based on the speed economy.

Specifically, we, the company actively deploy and build a smart teaching platform based on AI and big data technology. An interactive live broadcast teaching platform of version 3.0, a private cloud platform for education, a new generation of intelligent learning analysis engine and a strong capability of online R&D and comprehensive service have enabled the company's online education business to grow steadily, further consolidating the company's industry-leading position of online education and online and offline integrated education.

During the reporting period, the online training business exceeded RMB 1 billion and achieved revenue of RMB 1,035,595,638.64, representing an increase of 133.50%, as compared with the same period of last year.

3. The scale economy effect of recruitment sector revenue broke the resistance line of RMB 10 billions

During the reporting period, despite the overall severe public services recruitment climate, the performance of the sector still grew rapidly against the headwind, which made decisive contribution to go beyond the annual performance target. Among the four major categories of the sector, except the category of training for civil servant test, all of the rest three categories held growth rate of more 50%.

Such an achievement was not only a progress both in the total amount and in the incremental amount, but also a critical breakthrough in the magnitude of the scale economy effect of the sector revenue, which demonstrated the size of sector's annual revenue would step into a new level of 10 billions from the previous level of billions. With a stronger stable employment policy, the sector has got into a new high-growth circle.

Behind the breakthrough of growth level, there came significantly structural change in the momentum of growth within the sector. The other three categories had achieved a total annual revenue with the same size of civil servant category. Every category had an annual revenue of more than RMB 1 billion on average, which showed a new well-balanced fast growth mode driven by multicategories.

During the reporting period, the category of training for civil servant test achieved revenue of RMB 4,171,091,369.87, an increase by 30.15%, from revenue of RMB 3,204,932,785.69 last year. Training for public institution test achieved revenue of RMB 1,401,287,171.43, representing an increase of 58.44%, from revenue of RMB 884,449,895.82 of the corresponding period of last year. The category of training for teachers' recruitment test achieved revenue of RMB 1,932,698,035.79, representing an increase of 60.85%, from revenue of RMB 1,201,551,528.55 of the corresponding period of last year. Besides, although the category of training for other public service test hasn't been separated from the item of new businesses statistically, it achieved nearly the same high growth rate with the category of training for public institution test and the category of training for teachers' recruitment test.

Training for civil servant test seemed growing steadily in comparison with other categories, but if considered in the latter period of the institutional reform, both the recruitment of national civil servant and recruitment of the provincial civil servant declined sharply more than 30% on average, such growth might nominate different meaning. On the one hand, this was the combined achievement of business innovation and excellent execution. On the other hand, this also revealed significant progress both in training attendance rate and in the concentration degree of market share. The students orders of the category increased 27.09%, as compared to the corresponding

period of last year. In the meanwhile, the sharp drop in the recruitment put much pressure on the operation of contractual class, under such circumstance, the unit price of the category still got a positive growth rate, which proved the leading edge effect of the company in this category again. All of the above also confirmed the early judgement that there is still strong potential for the growth of the category.

Training for public institution test achieved such a high growth rate out of our expectation. The student member of the category increased 43.63%, and the unit price of the category increased by 10.31%, as compared to the corresponding period of last year. At the beginning of last year, the company reinforced the management team of the category. So when the recruitment soared in Q3, the team had been well prepared and grasped this valuable opportunity. More importantly, the warm-up of the recruitment climate demonstrated that after the institutional reform, public institutions revealed a much more nominating position to offer public services. Accordingly, the size of recruitment would get into the new orbit of steady rebound. In such a highly fragmented market distributing mostly in the low-tier cities, the company's competitiveness of owned channels, capability of teaching and overall lean operational services could be optimized both in the penetration to the low-tier regional market and in the expansion in market shares.

Training for teachers' recruitment test grew robustly. Because some provincial governments postponed their routine recruitment plan, it finally did not double the revenue. Even though, we still regarded this as short-term change from outside, the fast-growth trend driven by expansion of recruitment and penetration of operation has never been changed. Given the upcoming peak of retirement and promotion in the investment of education, the long-term shortage for K12 teachers would be more than 10 millions people. Expansion of teachers' recruitment was a key sparkle in the recent employment stabilizing policy. Actually, it's not a new situation coming up suddenly, the high-growth trend has been forged long time ago. The outbreak of novel coronavirus only accelerates the evolvement of the trend from outside. The category also reveal a trend of increase both in volume and in price. During the reporting period, the student orders of the category increased 52.89%, and the unit price of the category increased 5.21%, as compared to the corresponding period of last year respectively. In the first half of the year, the company adjusted the management team forcefully, and invested in the business decisively. Such experience of expansion verify the truth that keeping a positive operation standing point would always be paid off by the market.

Training for other public service test kept fast growth with plenty of niche categories, and responded to the tendency of current policy. During the reporting period, military reform, the policies such as poverty reduction and medical care promotion create strong opportunity for growth. The team of the category monetized the opportunity quickly, not only realize the increase both in volume and in price, but also extend the scale of relevant niche categories, leading the category of small size and fragmented originally head to the milestone of 1 billions in annual revenue. From the long-term perspective, this category would evolve into another category of training for public institution test in the region of grass root, since it share the attributes of public services and the diversities of the recruiter. On the other hand, the incremental amount of recruitment might have more potential to surpass those of the category of training for public institution test.

4. The leading-geese of the two emerging sectors have been confirmed again. The flock-of-geese of all categories grew fast and will redefine the border of the industry for next ten years.

After successfully replicating the model of the sector of training for public services recruitment test, training for graduate school entrance examination and IT skills training enter a new fast-growth business. During the reporting period, training for graduate school entrance exam achieved a growth rate beyond 100%, and IT skills training even achieved a high growth rate of more than 300%. More importantly, there comes up a cluster of active categories with the revenue size of more than RMB 10 million, and more and more categories show their potential to grow into large scale players.

For a long time, there seldom came up with large scale leading company that could generate a revenue of more than RMB 1 billion per year in these two sectors. This might be the results of the capability of the operators, but more importantly, the result lies in the inner developmental logic of the vocational education market. Amid the three major sectors of vocational education oriented to the college students and graduates, only the training for public services recruitment test has the chance to cultivate large scale companies, while the other two sectors are not able to gestate large nationwide companies with annual revenue of RMB billions through its own self development. This can be explained by the current situation in this industry and its slow development process in such a long time.

This is decided by both the fragmented distribution of working personnel and the characteristic of low-pace from the demand end. To activate the potential demand within the two sectors, there must the participation of large scale companies from other industries, which have strong teaching and research capabilities as well as vertically integrated operation ability. With heavy investment in the long run, exploration the categories one by one, creating cost-effective products and aggressively cultivate both on the demand side and the supply side, these companies can eventually trigger out the eruption of the growth potential hidden deeply under separate categories in the market.

It takes this industry 5 years to layout its business resources and explore the developmental opportunities in more than a hundred programs in these two sectors. Since more and more sectors have generated a revenue above 10 millions and even 100 millions, the scale growth in the next 5-10 years can be expected. Given the large-scale growth brought by both single category and multi-categories development, the two new sectors will reshape the future of the company in the next ten years.

Section II. Core business analysis

1. Overview

Whether the content is the same as the information disclosed in the “Section I. Overview” of “Chapter IV. Discussion and Analysis of Corporate Operating”:

Yes No

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

2. Revenues and costs

(1) Composition of revenue

Unit: RMB

	2019		2018		Increase/ Decrease over the previous year
	Amount	Proportion of Revenue	Amount	Proportion of Revenue	
Revenue	9,176,129,995.89	100%	6,236,987,812.57	100%	47.12%
Categories of industry					
Education	9,119,325,741.43	99.38%	6,213,752,973.70	99.63%	46.76%
Others	56,804,254.46	0.62%	23,234,838.87	0.37%	144.48%
Categories of product					
Training for Civil Service Test	4,171,091,369.87	45.46%	3,204,932,785.69	51.39%	30.15%
Training for Public Institution Test	1,401,287,171.43	15.27%	884,449,895.82	14.18%	58.44%
Training for Teachers' Recruitment Test	1,932,698,035.79	21.06%	1,201,551,528.55	19.26%	60.85%
Training for other public services test and new businesses	1,614,249,164.34	17.59%	922,818,763.64	14.80%	74.93%
Others	56,804,254.46	0.62%	23,234,838.87	0.37%	144.48%
Categories of region					
Northeast region	1,605,248,551.77	17.49%	1,232,507,482.95	19.76%	30.24%
North China	1,507,996,401.11	16.43%	960,122,484.18	15.39%	57.06%
East China	2,291,959,920.38	24.98%	1,541,183,485.90	24.72%	48.71%

Central China	924,399,970.66	10.08%	632,369,855.67	10.14%	46.18%
South China	752,986,319.63	8.21%	475,130,088.75	7.62%	58.48%
Southwest Region	1,102,235,767.21	12.01%	750,351,964.82	12.03%	46.90%
Northwest China	934,498,810.67	10.18%	622,087,611.43	9.97%	50.22%
Others	56,804,254.46	0.62%	23,234,838.87	0.37%	144.48%

(2) Industries, products, or geographies accounting for more than 10% of company revenue or operating profit

Applicable Not applicable

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

Yes No

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

Applicable Not applicable

(5) Composition of business operating cost

Categories of industry

Unit: RMB

Industries	Items	2019		2018		Year-on-year Increase/Decrease
		Amount	Proportion of Cost of revenues	Amount	Proportion of Cost of revenue	
Education	Cost of revenue	3,765,351,141.48	98.76%	2,533,243,137.03	99.25%	48.64%
Others	Cost of revenue	47,243,245.07	1.24%	19,109,556.05	0.75%	147.22%

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

Yes No

The name of the subsidiary	Proportion of shareholding (%)	Reason for changes
Tonghua Offcn Co., Ltd.	100.00	New establishment

Hunan Lightsalt Offcn Co., Ltd.	90.00	New establishment
Tianjin Hexi Offcn Co., Ltd.	100.00	New establishment
Chengdu Offcn Co., Ltd.	100.00	New establishment
Shandong Zhuoda Business Management Co., Ltd.	100.00	New establishment
Liaoning Zhongcheng Real Estate Development Co., Ltd.	100.00	Acquisition

(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

Major customers

Total Revenue from the top five customer sales (RMB)	460,714.00
Total Revenue from the top five customers in proportion of total revenue	0.01%
Total Revenue from related parties in the top five customers in proportion of total revenue	0.00%

Information about the top 5 customers

SN	Customer	Revenue (RMB)	Proportion of Total Revenue
1	Customer 1	116,536.61	0.00%
2	Customer 2	96,450.78	0.00%
3	Customer 3	89,852.54	0.00%
4	Customer 4	79,082.50	0.00%
5	Customer 5	78,791.57	0.00%
Total	--	460,714.00	0.01%

Other information regarding major customers

Applicable Not applicable

Information about major suppliers

Total purchase amount of the top five suppliers (RMB)	240,862,094.00
Total purchase amount of the top five suppliers in proportion of total annual purchase amount	9.01%
Total purchase amount of related parties of the top five suppliers in proportion of total annual purchase amount	0.00%

Information about the top five suppliers

SN	Supplier	Purchase Amount (RMB)	Proportion of Total Annual Purchase Amount
1	Supplier 1	143,237,909.00	5.36%
2	Supplier 2	51,857,292.00	1.94%
3	Supplier 3	18,460,000.00	0.69%
4	Supplier 4	13,898,472.00	0.52%
5	Supplier 5	13,408,421.00	0.50%
Total	--	240,862,094.00	9.01%

Other information regarding major suppliers

Applicable Not applicable

3. Expenses

Unit: RMB

	2019	2018	Year-on-year Increase/ Decrease	Description on major Changes
Selling and marketing	1,482,984,426.78	1,101,836,301.54	34.59%	As business activities increase, marketing expenses and new business development expenses increase
General and administrative expenses	1,098,471,953.96	873,418,131.47	25.77%	Business scale expands, management staff and expenses increase
Expenses of finance	204,308,516.41	-2,527,969.02	8,181.92%	Mainly due to the increase in loan interest expenses and collection fees of financial institutions
Expenses of research and development	697,940,218.36	454,784,360.70	53.47%	Due to increasing investment in curriculum research and development

4. R&D investment

 Applicable Not applicable

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

Investments in R&D

	2019	2018	Year-on-year Increase/ Decrease
Numbers of R&D staff	2,051	1,350	51.93%
Proportion of R&D staff	5.83%	5.25%	0.58%
R&D investment amount (RMB)	697,940,218.36	454,784,360.70	53.47%

R&D investment as a percentage of revenue	7.61%	7.29%	0.32%
Amount of capitalized R&D investment (RMB)	0.00	0.00	0.00%
Capitalized R&D investment as a percentage of R&D investment	0.00%	0.00%	0.00%

Explanation for a significant change in R&D investment as a percentage of total revenue as compared with last year

Applicable Not applicable

Explanation for a significant change in R&D investment capitalization rate as compared with last year

Applicable Not applicable

5. Cash flow

Unit: RMB

Item	2019	2018	Year-on-year Increase/ Decrease
Sub-total of cash inflows from operating activities	10,193,190,093.91	6,665,500,540.67	52.92%
Sub-total of cash outflows from operating activities	7,719,204,008.72	5,257,554,163.74	46.82%
Net cash flows from operating activities	2,473,986,085.19	1,407,946,376.93	75.72%
Sub-total of cash inflows from investing activities	27,643,810,373.01	15,302,096,509.17	80.65%
Sub-total of cash outflows from investing activities	27,774,917,283.47	17,662,316,569.38	57.26%
Net cash flows from investing activities	-131,106,910.46	-2,360,220,060.21	94.45%
Sub-total of cash inflows from financing activities	3,343,698,800.00	1,607,000,000.00	108.07%
Sub-total of cash outflows from financing activities	3,610,954,518.47	195,061,231.25	1,751.19%
Net cash flows from financing activities	-267,255,718.47	1,411,938,768.75	-118.93%
Net increase in cash and cash equivalents	2,075,623,456.26	459,665,085.47	351.55%

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

Applicable Not applicable

(1) Net cash flows from operating activities increased by RMB 1,066,039.71 thousands, a 75.72% year-on-year increase. It was mainly due to the company's main business income growth.

(2) Net cash flows from investing activities increased by RMB 2,229,113.15 thousands, a 94.45% year-on-year increase. Mainly due to the company's acquisition of Hunan Lightsalt Offcn Co., Ltd. and Liaoning Zhongcheng Real Estate Development Co., Ltd. in this year.

(3) Net cash flows from financing activities decreased by RMB 1,679,194.49 thousands, a 118.93% year-on-year decrease. Mainly due to the company's increase in bank borrowings.

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

Applicable Not applicable

Section III. Non-core Business Analysis

Applicable Not applicable

Unit: RMB

	Amount	Proportion of Total Profit	Reason	Whether Sustainable
Investment income	259,222,749.45	12.41%	Mainly including income from wealth management products, and interest on time deposits.	Yes
Gains and losses from changes in fair value	1,712,787.50	0.08%	According to Financial Instruments Standards.	Uncertain
Impairment of assets				
Non-operating income	2,000.00	0.00%	Formed during the business process.	Uncertain
Non-operating expenses	1,343,412.25	0.06%	Formed during the business process.	Uncertain

Section IV. Analysis of Assets and Liabilities

1. Major Changes in Asset Composition

Unit: RMB

	Year End of 2019		Beginning of Year 2019		Increase/ Decrease over the previous year	Major Changes
	Amount	Proportion of Total Assets	Amount	Proportion of Total Assets		
Cash and cash equivalents	2,724,335,001.58	27.35%	648,711,545.32	8.95%	18.40%	Mainly due to the expansion of business scale and increase of operating income
Accounts receivable	2,721,638.09	0.03%	7,042,453.33	0.10%	-0.07%	Mainly due to the collection of accounts receivable
Inventories			20,062.46	0.00%	0.00%	
Investment properties	688,475,053.53	6.91%	773,542,368.65	10.68%	-3.77%	Mainly due to a few projects are no longer rented out
Long-term equity investment						
Fixed assets	672,429,601.44	6.75%	699,100,602.20	9.65%	-2.90%	Mainly due to the increase in accumulated depreciation in this period
Construction in progress	653,580,160.32	6.56%	91,371,160.15	1.26%	5.30%	Mainly due to new construction projects in this period
Short-term borrowings	2,867,000,000.00	28.78%	1,607,000,000.00	22.18%	6.60%	Due to increased short-term bank borrowings
Long-term borrowings						
Financial assets held for trading	1,754,396,227.54	17.61%	2,252,670,000.00	31.09%	-13.48%	Due to the redemption of wealth management products

2. Assets and liabilities measured at fair value

√ Applicable □ Not applicable

Unit: RMB

Item	Opening Balance	Changes in Fair Value Gains and Losses in Current Period	Accumulated Fair Value Changes Included in Equity	Provision for Impairment in Current Period	Amount of Purchase in the Current Period	Amount of Sales in Current Period	Others	Closing Balance
Financial assets								
1. Transactional financial assets (excluding derivative financial assets)	2,302,670,000.00	1,712,787.50			27,034,730,000.00	27,446,550,000.00		1,892,562,787.50
2. Derivative financial assets								
3. Other debt investments								
4. Investment in other equity instruments	155,450,000.00		7,350,000.00					162,800,000.00
Sub-total of financial assets	2,458,120,000.00	1,712,787.50	7,350,000.00		27,034,730,000.00	27,446,550,000.00		2,055,362,787.50
Investment properties								
Productive biological assets								
Others								

Total	2,458,120,000.00	1,712,787.50	7,350,000.00		27,034,730,000.00	27,446,550,000.00		2,055,362,787.50
Financial liabilities	0.00							0.00

Did significant changes occur for the Company's major asset measurement attributes during the reporting period?

Yes No

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

Unit: RMB

Item	Closing balance	Reason for restriction
Debt investment	1,500,000,000.00	Pledge for borrowings
<u>Total</u>	<u>1,500,000,000.00</u>	

Section V. Analysis of Investments

1. General situation

Applicable Not applicable

Investment Amount in 2019 (RMB)	Investment Amount in 2017 (RMB)	Change
27,672,278,371.38	18,501,001,139.44	49.57%

2. Significant Equity Investment Obtained During the Reporting Period

Applicable Not applicable

Unit: RMB

Name of investee company	Liaoning Zhongcheng Real Estate Development Co.,Ltd.	Total
Principal business	Real estate	--
Investment method	Acquisition	--
Investment amount	173,317,597.39	173,317,597.39

Shareholding ratio	100.00%	--
Sources of funds	Self-owned funds	--
Partner	None	--
Investment period	Long term	--
Product type	Not applicable	--
Progress as of the balance sheet date	Not applicable	--
Expected return	0.00	0.00
Investment profit/loss for current period	0.00	0.00
Whether involved in litigation	No	--
Date of disclosure (if any)		--
Disclosure index (if any)		--

3. Significant Non-Equity Investment Ongoing During the Reporting Period

Applicable Not applicable

Unit: RMB

Project	Offcn Shandong Building	Offcn Fushun Building	Total
Investment method	Others	Self-built	--
Whether it is a fixed asset investment	Yes	Yes	--
Industries involved in investment projects	Educational Technology Development, serving, Cultural consultation	Educational Technology Development, serving, Cultural consultation	--
Increase in the Current Period	182,917,951.44	21,649,065.22	204,567,016.66
Cumulative investment as of the end of the reporting period	182,917,951.44	113,020,225.37	295,938,176.81

Sources of funds	Self-owned funds	Self-owned funds	--
Project progress	87.10%	34.25%	--
Estimated earning	0.00	0.00	0.00
Cumulative realized benefits as of the end of the reporting period	0.00	0.00	0.00
Reasons for not meeting planned progress and expected benefits	Not completed	Not completed	--
Date of disclosure (if any)			--
Disclosure index (if any)			--

4. Financial Assets Measured at Fair Value

√ Applicable □ Not applicable

Unit: RMB

Asset Type	Initial Investment Cost	Changes in Fair Value Gains and Losses in Current Period	Accumulated Fair Value Changes Included in Equity	Amount of Purchase During the Reporting Period	Amount of Sales During The Reporting Period	Accumulated Investment Income	Closing Balance	Sources of funds
Trust products	1,077,000.00			1,077,000.00			1,077,000.00	Self-owned funds
Others	28,373,200.00	1,712,787.50	7,350,000.00	25,957,730.00	27,446,550.00	184,130,073.02	978,362,787.50	Self-owned funds
Total	29,450,200.00	1,712,787.50	7,350,000.00	27,034,730.00	27,446,550.00	184,130,073.02	2,055,362,787.50	--

5. Use of Proceeds

Applicable Not applicable

No use of proceeds during the reporting period.

Section VI. 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 VII. Analysis of Major Holdings and Participating Companies

Applicable Not applicable

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

Unit: RMB

Company Name	Beijing Offcn Education Technology Co., Ltd.
Company Type	Subsidiary
Primary 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 exhibitions and exhibitions; organization Cultural and artistic exchange activities (excluding performances); conference services; human resources services; operating telecommunications services; retail publications; wholesale publications. (Enterprises independently select business projects and carry out business activities in accordance with the law; human resources services, telecommunications business, publication retail, publication wholesale, and projects that are subject to approval in accordance with the law shall be operated in accordance with approved content after approval by relevant departments; The city's industrial policy prohibits and restricts the operation of projects.)
Registered Capital	90,000,000.00

Total Assets	9,053,831,004.26
Net Assets	844,294,045.75
Revenue	9,157,263,984.64
Operating Profit	2,120,283,214.92
Net Profit	1,823,345,409.41

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Company Name	Acquisition or Disposal of Subsidiaries During the Reporting Period	Impact on Overall Production Operations and Performance
Tonghua Offcn Co., Ltd.	New establishment	No major impact
Hunan Lightsalt Offcn Co., Ltd.	New establishment	No major impact
Tianjin Hexi Offcn Co., Ltd.	New establishment	No major impact
Chengdu Offcn Co., Ltd.	New establishment	No major impact
Shandong Zuoda Business Management Co., Ltd.	New establishment	No major impact
Liaoning Zhongcheng Real Estate Development Co., Ltd.	Acquisition	No major impact

Major holdings and participating companies

In 2019, wholly-owned subsidiary, Beijing Offcn Education Technology Co., Ltd. achieved operating revenue of RMB 9,157,264.00 thousands, representing an increase of 46.82% as compared to the corresponding period of last year; and net profits amounted to RMB 1,823,345.40 thousands, increased by 56.81% as compared to the corresponding period of last year respectively. The steady and rapid growth in operating income and profits attributes to the continuous increase in the number of trainees, the enhancement of the company's leading position in the market and the advantage in the economies of scale. Besides, we have been promoting our management effectiveness and capability of research. As more and more technology is implemented in our product and services, our overall competitiveness both in brand and platform becomes much nominating. (Enterprises independently select business projects and carry out business activities in accordance with the law; human resources services, telecommunications business, publication retail, publication wholesale, and projects that are subject to approval in

accordance with the law shall be operated in accordance with approved content after approval by relevant departments; The city's industrial policy prohibits and restricts the operation of projects.)

Section VIII. Structured Entities Controlled by the Company

Applicable Not applicable

Section IX. Forecast of the Company's Future Development

1. Trends of the industry's future development

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

For a long time, China's education system has been dominated by curricula education while the foundation of vocational education is relatively weak. As there is serious shortage of high-end skilled talents, the market demands more "skilled craftsmen" and "national builders" remain urgent.

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

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

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

The well-known empirical rule that shows the relationship between economic growth rate and the employment rate is Okun's law, which interprets that the faster the economic growth is, the higher the employment rate will be. In recent years, the economic growth rate has slowed down, but the number of university graduates has continued to increase. It will reach 8.74 million this year, setting another historical record.

Among more than 15 million newly-added employment demand each year, college graduates have already accounted for over half of the group. At the same time, domestic and foreign authoritative institutes and experts have judged that China has reached the Lewis Turning point and the dividend period of cheap rural labor has

ended. 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 in recruitment exams continues to rise.

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

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

At present, the foundation of vocational education is still relatively frail. 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 inadequate. With the improvement of industry concentration and the continuous development of leading vocational education companies, core business elements such as R&D, management and marketing of vocational education will gradually break through the original boundaries of the industry, create high-quality and cost-effective supplies, drive demand-side volume with supply-side innovation and push the industry into a new track of rapid development.

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

The process of urbanization is a key driver of the long-term impact on China’s employment market growth. In the past 5 years, the urbanization rate has increased from 54.77% to 60.60% bringing 75 million job opportunities and 66.6 million new urban jobs were added.

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

Additionally, the urbanization rate of the registered population is much lower than that of the resident population, which is only 43.37%, and the number of population separating from their household register in China reaches 286 million. The problem of unequal public services between the registered population and migrants is common in cities and the State Council has issued a plan on the equalization of basic public services.

Equalization of basic public services is another huge impetus besides the expansion of public service consumption. Compared with public products such as infrastructure, public services are labor-intensive inputs, especially in the basic public services of local governments. It hires a huge number of employees while improving public service capabilities. *China's Thirteenth Five Year Plan for Promoting Equalization of Basic Public Services* issued by the State Council also clearly strengthens the building of talented personnel as an important guarantee of the

equalization of public services. According to the research by the National Academy of Governance, the public sector hires 10%~20% of the employed population in developed countries, which is even higher than 20% in Canada and Hong Kong. The current public sector employed population 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 test will also maintain a long-term steady growth, which has been partially proved by the astonishing demands on the training for teacher recruitment test and recruitment test in medical treatment and public health.

2. Strategic Development Direction of the Company

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

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

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

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

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

On this basis, the Company will continue to accelerate digital transformation of operations and fully integrate the productivity of technology with operation system to facilitate business innovation, improve the intelligent level of operation and teaching, thus supporting a wider and larger scale of vertically integrated quick response, continuously increasing the output of the Company's platforms which empowers rapid growth and improving the sustainability of rapid growth.

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

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

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

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

(4) Continue channel deepening and channel innovation

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

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

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

3. Major business plan of the Company for 2020

(1) Grasp the opportunities in the recovery period of recruiting and tap into the lower tier markets to increase the market share of the recruiting section

Driven by the ending of institutional reform and the further implementation of employment stability policy, the recruiting situation developed into a new stage of recovery or even rebound. In recent years, the recruiting fluctuation and epidemic shock have accelerated the differentiation of the industry, and the Company has been expanding the production capacity against the trend and sinking into lower tier markets, which has paved the way for the Company to further tap into the markets in the third-tier cities and below. The Company will operate in full swing in long tail market, such as the market for recruitment of public institutions, teachers and other public service staff, to go all out to increase the market share.

(2) Promote the new model, double the benefits brought by the expansion of postgraduate enrollment, and establish the leadership in the market of training for postgraduate entrance test

The new model characterized by teaching face to face in small classes, professional R&D and a large amount of full-time teachers, has proved to be successful and become a new standard in the industry. When the number of postgraduate enrollment is about to exceed 1 million, the number of applicants will pass the 5 million mark in about 3 years. A reserve of more than 1,000 full-time teachers, the largest in this market, will be the key for the Company to double the benefits brought by such expansion.

(3) Scale up the key areas of vocational training, especially to strengthen the management of medical and IT projects

Multi-categories layout which has been followed for many years is accelerating the monetization. After the benefits from scale economies effect of recruiting section crossed the 10 billion resistance level and business of training for postgraduate entrance test entered into the considerable and fast growth stage, the management team will start to attach more importance and give more support to the vocational training section, especially to seize the important opportunities arising from soaring national short-term medical investment and increasing demands for IT talents driven by 5G.

(4) Facilitate the innovation in management, expand the capacity of the Company's platform which empowers rapid growth, and enhance the value of human resources

Sustained fast growth must be synchronized with effective innovation in management. Rapid increase of service categories, extensive distribution of branches, and considerable knowledge staff have constantly put forward new requirements for management innovation. And the front-line business outlets and the command centers of headquarters are the critical sections of management innovation. In 2020, the Company will further integrate the digital infrastructure and the excellent team execution with vertically integrated fast response system to expand the enterprise platform's capacity and reinforce the leading advantage offered by the multiple growth of online business and the online-merge-offline business.

In addition to improve the internal environment for talents, the Company will continue to introduce more high-level talents in a larger scope and optimize the structure of human resources, to meet the new requirements of the implementation of the Company's strategies and the rotating development of all categories.

4. Possible Risks and Responses

(1) Risks of macroeconomic fluctuations

Vocational education, linked to macroeconomic conditions, is an important guarantee to high-quality economic and social development. As COVID-19 has not yet come to an end, social and economic development is still facing many uncertainties. The future macroeconomic fluctuations will have a certain impact on the overall development of China's vocational education industry including our company performance.

Risk response: In the face of complex and volatile market risks, the Company has continuously enhanced its vertical integration and response capability, improved the risk management and control system, closely monitored the market development and changes, made forward-looking plans, and timely adjusted the strategic directions

and work priorities, so as to minimize the impact of changes in the external market on the Company's business and future development.

(2) Policy Risks

The prosperity of vocational education industry has a high correlation with policy environment, thus vulnerable to changes of vocational education policy. In recent years, in order to support the development of vocational education industry, China has issued a number of industrial supportive and inspiring policies. However, any significant change and adjustment in relevant laws and regulations or industrial policies may influence the development trend of the industry as well as the company's future business development and performance. In addition, considering the Company has a large number of branches and a wide distribution of training venues, we may not rule out the possibility that the relevant regulatory authorities of provinces, autonomous regions and municipalities directly under the Central Government will introduce more stringent regulations for the local education and training industry, which may further affect the Company's operation in the region.

Risk response: In response to the above risks, each division of the Company has set up a team to track and study policies that were in place. At the same time, the company's experienced and strong IT independent development capability and operation digitalization guarantee the efficiency of information feedback. Through the upgrade and transformation of basic systems such as ERP, CRM and teaching platform, it can timely obtain, perceive and predict the direction and trend of relevant policy changes at the local level to plan and adjust preemptively to avoid relevant risks, In the end, the Company will make best use of industry policy to facilitate its business development.

(3) Market Competition Risks

As education and training market is in large scale but low concentration, while the required initial investment is small, there are a considerable number of enterprises flooding into the industry, especially in first-tier cities where competition is fierce featuring concentrated educational resources, a large base of target customers and high income. Moreover, given to the future increase of family income, we will see greater importance attached to high-quality educational resources and continued booming of the industry, which will result in higher capital inflow into the industry and ever more intense competition. How to cope with competition within the industry and its impact on emerging institutions is a challenge faced by the Company for a wholesome development of the vocational education industry.

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

(4) Management Risks

The company should address the risk of desynchronization between the continuous expansion of business and management capability. First, there is a risk that the cost of venue rent and manpower is on the rise to achieve economies of scale, while the profit level and profit margin are declining; Second, there is a risk of perennial brain loss, especially the loss of core management, R & D team and backbone teachers, which may have a negative impact on the long-term stable development of the company.

Risk response: In view of the above risks, on the one hand, the Company will continue to optimize its vertical integration and response management system, enhance the coordination between large-scale knowledge workers, improve management and operation efficiency, upgrade human resources structure, and moderate the business expansion strategy of the Company; On the other hand, we should attach more importance to the implementation of the basic rights and interests of employees, improve a fair and transparent performance evaluation system, and provide a diversified salary incentive mechanism, sustainable development and growth for them, as well as pay attention to the personal growth, so as to reduce the risk of core talent loss.

Section X. Reception of Research, Communication Interviews and Other Activities

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

Applicable Not applicable

Reception Date	Reception Mode	Reception Object	Disclosure Index
February 18, 2019	Field Research	Organization	<i>Investor Relations Activity Record on February 18th 2019</i> disclosed on CNINFO's website, http://www.cninfo.com.cn on the date of February 20, 2019. (No: 2019-001)

Chapter V. Significant Events

Section I. Profit distribution to common shareholders and increase of share capital due to conversion of capital reserves

Status of formulation, execution, or adjustments made to profit distribution policy for common shareholders, especially the cash dividend policy, during the reporting period:

Applicable Not applicable

On April 29, 2019, the Company held the 2018 Annual Shareholders' General Meeting and reviewed and approved the 2018 profit distribution plan. Based on the Company's share capital of 6,167,399,389 shares, the Company distributed a cash dividend of RMB 2.30 (including tax) for every 10 shares to all shareholders, amounting to a total of RMB 1,418,501,859.47. No equity dividends were distributed and the equity reserves were not converted to share capital. The profit distribution plan was completed on May 14, 2019.

Special Explanation of Cash Dividend Policy	
Does it comply with the requirements of the Company's regulations or the resolutions of the shareholders' general meeting?	Yes
Are the dividend standards and proportions specific and clear?	Yes
Are relevant decision-making procedures and mechanisms complete?	Yes
Do independent directors perform their duties and play their due role?	Yes
Do small and medium shareholders have the opportunity to fully express their opinions and appeals, and are their legitimate rights and interests fully protected?	Yes
When was the cash dividend policy adjusted or changed, and are the conditions and procedures legal and transparent?	N/A

The Company's plan for profit distribution to common shareholders (preplan) & plan for increase of share capital due to conversion of capital reserves (preplan) for the recent three years (including this reporting period):

1. 2019 profit distribution plan of OFFCN EDU

On March 9, 2020, the Company's board of directors reviewed and approved the *2019 profit distribution plan of the Company (preliminary plan)*, which was as follows: Based on the Company's total share capital of 6,167,399,389 shares as of December 31, 2019, the Company planned to distribute a cash dividend of RMB 2.40 (including tax) for every 10 shares to all shareholders for a total of RMB 1,480,175,853.36. No equity dividends will be distributed and the capital reserves will not be converted into share capital. This preliminary plan is subject to the approval of

the Company's 2019 Annual Shareholders' General Meeting.

2. 2018 profit distribution plan of OFFCN EDU

Based on the Company's total share capital of 6,167,399,389 shares, the Company distributed a cash dividend of RMB 2.30 (including tax) for every 10 shares to all shareholders for a total of RMB 1,418,501,859.47. No equity dividends were distributed and the capital reserves were not transferred to share capital. The profit distribution plan has been implemented.

3. 2017 profit distribution plan of Yaxia Auto, the predecessor of the Company

(1) Based on the total share capital of 820,335,960 shares as of July 5, 2018, Yaxia Auto distributed a cash dividend of RMB 0.20 (including tax) for every 10 shares to all shareholders for a total of RMB 16,406,719.20. The capital reserves were not transferred to share capital. The profit distribution plan has been implemented.

(2) Based on the total share capital of 820,335,960 shares as of September 30, 2018, Yaxia Auto distributed a cash dividend of RMB 3.90 (including tax) for every 10 shares to all shareholders for a total of RMB 319,931,024.40. No equity dividends were distributed and the capital reserves were not converted to share capital. The profit distribution plan has been implemented.

Cash dividends distributed to common shareholders in the most recent three years (including the reporting period)

Unit: RMB

Dividend Year	Cash dividend (including tax)	Net profit attributable to common shareholders of the Company	The ratio of Cash dividend to the net profit attributable to Common shareholders of the Company	Cash dividend in other forms (such as share repurchase)	The ratio of cash dividend in other forms to net profit attributable to common shareholders of the Company	Total of Cash dividends (including other forms)	Total of cash dividend (including other forms) in proportion to net profit attributable to shareholders of the Company in consolidated statements (%)
2019	1,480,175,853.36	1,804,548,688.01	82.02%	0.00	0.00%	1,480,175,853.36	82.02%
2018	1,418,501,859.47	1,152,887,416.22	123.04%	0.00	0.00%	1,418,501,859.47	123.04%

2017	336,337,743.60	73,453,482.76	457.89%	0.00	0.00%	336,337,743.60	457.89%
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The Company made a profit in the reporting period and the profit distribution to the common shareholders of the Company was positive, but it did not put forward a preliminary plan for cash dividend distribution

Applicable Not applicable

Section II. Proposal for profit distribution and conversion of capital reserves into share capital for the reporting period.

Applicable Not applicable

Numbers of equity dividend per 10 shares (share(s))	0
Dividend distribution per 10 shares (RMB) (including tax)	2.4
Conversion of capital reserves into share capital per 10 shares (share(s))	0
Share base of the distribution proposal (share(s))	6,167,399,389
Cash dividend amount (RMB) (including tax)	1,480,175,853.36
Cash dividend amount (RMB) in other forms	0.00
Total of cash dividends (RMB) (including other forms)	1,480,175,853.36
Distributable profits (RMB)	1,527,629,604.14
Total of cash dividends (including other forms) in proportion to total of distributed profits (%)	100%
Cash dividend policy	
For profit distribution of companies with unclear stage of development but significant capital expenditure arrangement, the percentage of cash dividend shall represent at least 20% of the profits distribution for the current year.	
Particulars of profit distribution and conversion of capital reserves into share capital	

Based on audit of Baker Tilly CPA Firm, the parent company achieved a net profit of RMB1,681,893,511.71 in 2019. Pursued to the Company's Articles, the Company appropriated 10% of its net profit, amounting to RMB168,189,351.17 for the year of 2019 to the statutory surplus reserve, the company realized undistributed profits of RMB 1,513,704,160.54 in 2019. Incorporating retained earnings of RMB1,432,427,303.07 at the beginning of the year and deducting the actual cash dividend of RMB1,418,501,859.47 on May 14, 2019, profit of the parent company available for distribution to the shareholders was RMB1,527,629,604.14 as of December 31, 2019. Base on the Company's total share capital of 6,167,399,389 shares, the Company will distribute a cash dividend of RMB2.40 (including tax) for every 10 shares to all shareholders, amounting to a total of RMB1,480,175,853.36. There will be no equity dividends or conversion of equity reserve into share capital of the Company.

Section III. Fulfillment of commitments

1. Commitments made by the Company's actual controllers, shareholders, related parties, purchasers, and others that were fulfilled during the reporting period and those uncompleted as of the end of the reporting period

√ Applicable □ Not applicable

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

Lu Zhongfang, Li Yongxin, Wang Zhendong, Guo Shihong, Liu Bin, Zhang Yongsheng, Yang Shaofeng, Zhang Zhian	Performance commitment and compensation arrangement	1. The profit forecast and compensation periods are the years of 2018, 2019 and 2020. 2. Performance commitment: The compensation obligors confirm and promise that the net profits attributable to the shareholders of the parent company after deducting non-recurring profits and losses under the consolidated statements of Offcn Ltd. shall not be less than 930 million RMB, 1.3 billion RMB and 1.65 billion RMB in years of 2018, 2019 and 2020 respectively. 3. The parties agree that the certified public accountants employed by Yaxia Automobile shall review the actual net profits of Offcn Ltd. after the end of each of the three fiscal years. The difference between the actual net profits of Offcn Ltd. and the net profits committed by the compensation obligors shall be reviewed and a special audit report shall be issued. At the end of the third fiscal year, an auditing agency with qualifications for executing securities and futures engaged by Yaxia Automobile will conduct an impairment test on Offcn Ltd. and issue an impairment test report, within 90 days after the certified public accountant issues a special audit	May 4, 2018	The years of 2018, 2019, 2020	Performance commitments of the year 2018 and 2019 have been fulfilled.
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	<p>report.</p> <p>4. Compensation measures:</p> <p>(1) If the certified public accountant confirms that the actual net profits accumulated by Offcn Ltd. fails to meet the aggregate committed net profits as of the end of each of three fiscal years, each compensation obligor shall assume the compensation obligation according to the proportion of the shares to the total shares of Offcn Ltd. held by all the compensation obligors before the transaction. All compensation obligors are given priority to conduct compensation with shares. When the total amount of share compensation reaches 90% of the total number of shares issued for purchasing assets, all compensation obligors shall conduct compensation in cash. The formula for calculating the amount of compensation payable by the obligors in the current period is as follows: compensation amount for the current period = (aggregate committed net profits as of the end of the current period - accumulated net profits as of the end of the current period) ÷ the sum of committed net profits of years within the compensation period × the price of Offcn Ltd. in this transaction - aggregate compensated amount.</p> <p>In the application of the above formulas, it should be as follows: ① “As of the end of the current period” refers to the period starting from 2018 and ending at the end of the current period; ② “the sum of committed net profits” refers to the sum of committed net profits in 2018, 2019 and 2020, that is 3.88 billion RMB. Number of shares to be compensated by the obligor in the current period = Obligor's compensation amount ÷ the issue price per share of the stocks issued for purchasing assets. When the number of shares for compensation is not a whole number, it shall be handled in accordance with the rounding principle.</p> <p>(2) The upper limit of the compensation obligor in the compensation commitments and end-of-period impairment compensation of Offcn Ltd. shall not exceed the total transaction consideration obtained</p>			
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		<p>by all shareholders in this transaction. When the calculated compensable amount is less than or equal to 0, the value is taken as 0, that is, the amount or the shares that have been compensated are not redeemed.</p> <p>(3) If Yaxia Automobile implements ex-rights and ex-dividends, such as bonus shares, the capitalization of the capital reserve to share capital, or allotment within the period of profit compensation, the number of shares to be compensated shall be adjusted accordingly as follows: the number of shares to be compensated by the obligor (after adjustment) = the number of shares to be compensated by the obligor \times (1 + the proportion of bonus shares or transfer of capital stock).</p> <p>(4) If Yaxia Automobile implements cash dividends during the period of profit compensation, the cash dividends shall be returned accordingly. The calculation formula is that: repayment amount of the compensation obligor = total cash distribution received by the compensation obligor (before tax) \div the number of shares obtained by the compensation obligor in this transaction (including shares acquired in this transaction and shares newly added by bonus shares and transfer of capital stock) \times the number of obligor's compensation shares</p> <p>5. Impairment test and compensation after the performance commitment period expires:</p> <p>(1) At the end of the performance commitment period, the audit institution with qualifications for executing securities and futures engaged by Yaxia Automobile will perform an impairment test on exchange-in assets in this transaction (i.e. 100% of the shares of Offcn Ltd.) and issue an <i>Impairment Test Report</i>.</p> <p>(2) If the amount of exchange-in assets impairment at the end of the period > the total number of compensated shares \times the issue price + the amount of compensated cash, each compensation obligor shall compensate Yaxia Automobile separately according to the proportion of the shares to the total</p>			
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		<p>shares of Offcn Ltd. held by all the compensation obligors before the transaction. The calculation formula is: the amount to be compensated for the impairment of the exchange-in assets= the amount of impairment of exchange-in assets at the end of the period—the total amount of compensation in the commitment year. In any situations, the total amount of the compensation for exchange-in assets impairment and the compensation for performance commitment shall not exceed the total amount of this transaction's consideration received by all the shareholders of Offcn Ltd.</p> <p>(3) The aforementioned amount of impairment is the consideration of exchange-in assets minus the estimated value of exchange-in assets at the end of the period, deducting the effects of capital injection, capital reduction, gift acceptance and profit distribution of the shareholders during compensation period.</p> <p>6. Implementation of compensation:</p> <p>(1) If the compensation obligor is required to compensate Yaxia Automobile because the net profits generated by exchange-in assets are lower than its commitment, Yaxia Automobile shall convene a board meeting within 30 working days after the special audit report or impairment test report is issued by the accounting firm, and shall determine the number of shares or cash amounts to be compensated by each compensation obligor in accordance with the "<i>Profit Forecast Compensation Agreement</i>". The board of directors shall convene a general meeting of shareholders to consider the issue of cancellation of compensation share repurchase for the current period.</p> <p>(2) Based on the terms and conditions of the agreement, each compensation obligor will compensate Yaxia Automobile in the following order: each compensation obligor shall perform the compensation obligation according to the proportion of the shares to the total shares of Offcn Ltd. held by all the compensation obligors before the transaction.</p>			
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		<p>① Firstly, all compensation obligors shall compensate the listed Company with Yaxia Automobile shares obtained in this transaction according to the proportion of the shares to the total shares of Offcn Ltd. held by all the compensation obligors before the transaction. If the aforementioned shares are insufficient for compensation, each compensation obligor shall make compensation by purchasing Yaxia Automobiles shares from the secondary market or by other legal means. In order to avoid ambiguity, the compensation obligors shall not bear joint liability for the above compensation obligations.</p> <p>②Yaxia Automobile shall notify all compensation obligors in writing within 5 working days after the date of announcement of resolution by the shareholders' meeting. All compensation obligors shall transfer their compensation shares of the current year to the designated account set up by the board of directors of Yaxia Automobile at a total price of 1.00 RMB within 5 working days after receiving the aforementioned notice, and cancel the repurchase of aforementioned shares in accordance with relevant laws and regulations. (If there are changes in relevant laws and regulations and/or in regulations of relevant authorities at that time, the cancellation shall be completed in accordance with the relevant regulations at that time)</p> <p>③From the date on which the number of compensation shares of each compensation obligor is determined until the cancellation of these shares, these shares are with no voting rights or rights for dividend distribution.</p> <p>④If the compensation obligor needs to compensate Yaxia Automobile in cash in accordance with the stipulations of the <i>Profit Forecast Compensation Agreement</i>, each compensation obligor shall pay the compensation amount to Yaxia Automobile within the period specified in the notice. In case of overdue payment, the compensation obligor shall pay the late payment interest to Yaxia Automobile on the overdue portion at daily interest rate of 5‰, with</p>			
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		the continuity of obligation of compensation,			
Yaxia Industry, Zhou Xiayun, Zhou Hui, Zhou Li, Phase I employee stock ownership plan	Letter of commitment on lock-up period	<p>After the completion of the transaction (starting from the date of the listing of shares issued in this transaction), the company/I/the plan shall not transfer the company's shares in Yaxia Automobile within 36 months .</p> <p>After the completion of the transaction, the shares held by the Company/I/the plan, derived from Yaxia Automobile shares due to the distribution of stock dividends and the transfer of the capital reserve to share capital shall also comply with the above-mentioned arrangement of restricted sale of shares.</p> <p>If the China Securities Regulatory Commission and/or Shenzhen Stock Exchange have/has other provisions for the above-mentioned lock-up period arrangement , the company/I/the plan will adjust and implement the above-mentioned lock-up period according to the latest regulations of the China Securities Regulatory Commission and/or Shenzhen Stock Exchange.</p> <p>If violating the above commitments, the company/I/the plan will bear all losses caused to Yaxia Automobile.</p>	May 4, 2018	January 31, 2022	Under normal implementation
Li Yongxin	Letter of Commitment on lock-up period for subscription of shares	<p>1. The shares of the listed Company subscribed by myself in this transaction shall not be transferred or dealt with in any other forms within 36 months from the date of the listing of the shares.</p> <p>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 is automatically extended for 6 months. (If dividend distribution, bonus shares, transfer of capital stock, or allotment to the listed Company occurred during the above period, the aforementioned issue price is calculated based on the price adjusted by factors as ex-dividend and</p>	April 27, 2018	January 31, 2022	Under normal implementation

		<p>ex-rights, etc.)</p> <p>2. As the transferee of 72,696,561 Yaxia Automobile shares held by Anhui Yaxia Industry Co., Ltd., I shall not transfer them within 36 months from the date of registration in my securities account.</p> <p>3. The aforesaid arrangement of share lock-up does not affect the implementation of profit compensation for this transaction, that is, when I need to make profit compensation, the listed Company has the right to relieve the lock-up of shares in corresponding amount in advance for profit compensation.</p> <p>4. I promise to abide by the following provision: if the transaction is investigated by judiciary authorities or the China Securities Regulatory Commission on suspicion of misrepresentations, misleading statements, or material omissions in regard to the information provided or disclosed, the shares of the listed Company acquired in this transaction shall not be transferred until the conclusion of the investigation is clarified.</p> <p>5. After the completion of this transaction, my increased shares due to bonus shares and transfer of capital stock of the listed Company shall also comply with the foregoing requirements.</p> <p>6. If the aforementioned lock-up period arrangement does not match the latest laws and regulations and the latest regulatory requirements of the securities regulatory institution, the enterprise agrees to implement the latest laws and regulations and the requirements of the regulatory agency.</p> <p>7. After the lock-up period expires, it will be implemented in accordance with the relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange.</p>			
Lu Zhong Fang	Letter of commitment on lock-up period for	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 listing of the shares. Within 6	April 27, 2018	January 31, 2022	Under normal implementation

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

		regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange.			
Aerospace Industry, Guangyin Venture	Letter of commitment on lock-up period for subscription of shares	<p>1. The shares of the listed Company subscribed by the enterprise in this transaction shall not be transferred or dealt with in any other forms within 24 months from the date of 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 20 consecutive 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 in this transaction is automatically extended for 6 months. (If dividend distribution, bonus shares, transfer of capital stock, or allotment to the listed Company occurred during the above period, the aforementioned issue price is calculated based on the price adjusted by factors as ex-dividend and ex-rights, etc.)</p> <p>2. The enterprise promises to abide by the following provision: if the transaction is investigated by judiciary authorities or the China Securities Regulatory Commission on suspicion of misrepresentations, misleading statements, or material omissions in regard to the information provided or disclosed, the shares of the listed Company acquired in this transaction shall not be transferred until the conclusion of the investigation is clarified.</p> <p>3. After the completion of this transaction, the shares that the enterprise owns increased due to bonus shares and transfer of capital stock of the listed Company shall also comply with the foregoing requirements.</p> <p>4. If the aforementioned lock-up period arrangement does not match the latest laws and regulations and the latest regulatory requirements of the securities regulatory institution, the enterprise agrees to implement the latest laws and regulations and the requirements of the regulatory agency.</p> <p>5. After the lock-up period expires, it will be</p>	July 27, 2018	January 31, 2021	Under normal implementation

		implemented in accordance with the relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange.			
Wang Zhendong, Guo Shihong, Liu Bin, Zhang Yongsheng, Yang Shaofeng, Zhang Zhian	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 24 months from the date of 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 in this transaction by myself is automatically extended for 6 months. (If dividend distribution, bonus shares, transfer of capital stock, or allotment to the listed Company occurred during the above period, the aforementioned issuance price is calculated based on the price adjusted by factors as ex-dividend and ex-rights, etc.)</p> <p>If Offcn Ltd. fails to meet the committed net profits as stipulated in the <i>Profit Forecast Compensation Agreement</i> in either 2018 or 2019, the lock-up period of the shares of the listed Company I obtained in this transaction will be extended to 36 months. At the expiration of 36 months from the date when the aforementioned shares are registered to my securities account, if the performance compensation obligations under the <i>Profit Forecast Compensation Agreement</i> have not been fulfilled, the above lock-up period will be extended to the date when the compensation obligations are fulfilled.</p> <p>2. The aforesaid share lock-up arrangement 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 shares in corresponding amount in advance for profit compensation.</p> <p>3. I promise to abide by the following provision: if the transaction is investigated by judiciary authorities or the China Securities Regulatory</p>	July 27, 2018	January 31, 2021	Under normal implementation

		<p>Commission on suspicion of misrepresentations, misleading statements, or material omissions in regard to the information provided or disclosed, the shares of the listed Company acquired in this transaction shall not be transferred until the conclusion of the investigation is clarified.</p> <p>4. After the completion of this transaction, my increased shares due to bonus shares and transfer of capital stock of the listed Company shall also comply with the foregoing requirements.</p> <p>5. If the aforementioned lock-up period arrangement does not match the latest laws and regulations and the latest regulatory requirements of the securities regulatory institution, I agree to implement the latest laws and regulations and the requirements of the regulatory agency.</p> <p>6. After the lock-up period expires, it will be implemented in accordance with the relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange.</p>			
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 Automobile held by Anhui Yaxia Industry 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, transfer of capital stock or allotment of shares by Yaxia Automobile, shall also comply with the foregoing requirements.</p> <p>If the company violates commitments listed above, it will bear all losses caused to Yaxia Automobile.</p>	April 27, 2018	January 31, 2022	Under normal implementation
Li Yongxin and other 10 counterparties	Letter of commitment on the lock-up of Offcn Partnership's contribution shares	<p>Within 36 months from the date of the transfer of 80,000,000 shares of Yaxia Automobile held by Anhui Yaxia Industry Co.,Ltd. to Beijing Offcn Future Information Consulting Center (Limited Partnership), I or the company 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</p>	July 27, 2018	January 31, 2022	Under normal implementation

		authorize other entities in any way to fully or partially have the rights and interests indirectly related to the shares of Yaxia Industry Co., Ltd. held by Beijing Offcn Future Information Consulting Center (Limited Partnership).			
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 transaction, the labor, personnel and salary management of the listed Company shall 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 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 transaction, the official powers of the shareholders' meeting and board of director 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 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 transaction, the shareholders' meeting, the board of directors, and the board of supervisors shall independently exercise their powers in accordance with laws, regulations and company's articles.</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</p>	April 27, 2018	Long term	Under normal implementation

	<p>listed Company shall have independent and complete assets related to production and operation.</p> <p>(2) It is guaranteed that after the completion of 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 transaction, except for normal business dealings, there shall be no capital and assets of the listed Company occupied by myself/Offcn Partnership, and other related parties, such as companies, enterprises or economic organizations, controlled by myself or Offcn Partnership..</p> <p>4. Guarantee the independence of the listed Company's business.</p> <p>(1) It is guaranteed that after the completion of 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 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 transaction, I/Offcn Partnership, or related parties, such as companies, enterprises, or other economic organizations controlled by myself/Offcn Partnership shall reduce related-party transaction with the listed Company and its subsidiaries. Related-party transactions that are really necessary and unavoidable shall be conducted in a market-oriented and fairly way and perform relevant approval processes and information</p>			
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		<p>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 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 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 transaction, financial personnel hired by the listed Company shall not hold part-time positions in other related parties, such as companies, enterprises or other economic organizations controlled by myself or Offcn Partnership.</p> <p>(4) It is guaranteed that after the completion of 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 transaction, the listed Company will pay taxes independently according to laws.</p> <p>I/Offcn Partnership shall be liable for all losses caused to the listed Company and its subsidiaries due to my/Offcn Partnership's failure in fulfilling the above commitments.</p>			
Li Yongxin, Lu Zhongfang	Letter of Commitment on avoiding horizontal	<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</p>	September 20, 2018	1. The transfer of Kairuier Training School in Haidian District of	As of the end of the reporting period, Kairuier Training School Haidian District of Beijing had

	competition	<p>by my relatives Xuhua and Lu Yan, and its affiliated schools which are involved in the same or similar businesses conducted by Offcn Ltd., other related parties are not involved in any same, similar or related businesses conducted by the listed Company, Offcn Ltd. and its affiliated companies and schools.. Except for serving as a director in Kunming Wuhua Offcn training school, which is affiliated to Offcn Online, Li Yongxin neither holds any full-time or part-time positions nor provides consultancy at any companies or enterprises, which conducts competitive businesses with the listed Company, Offcn Ltd. and their affiliates. I also hold directly or indirectly no any stock rights(shares) of companies or enterprises conducting the same, similar or related businesses as the listed Company, Offcn Ltd. and its affiliates.</p> <p>2. As of the date of signing this commitment letter, Offcn Online and its two subordinate training schools' disposals are as follow: Offcn Online conducts no education businesses(to be canceled after subordinate schools transferred). Kairuier Training School in Haidian District of Beijing is to be transferred to an unrelated third party and the transfer agreement has been signed. If the transfer is not completed within 24 months since the date of signing this commitment letter, I will urge Offcn Online to cancel the Kairuier Training School in Haidian District of Beijing. Kunming Wuhua Offcn Training School, associated with Offcn Online, has been closed and it will be transferred to an unrelated third party or will be cancelled within 12 months after the revised <i>Regulations for the Implementation of the Law on the Promotion of Private Education of the People's Republic of China</i> (hereinafter referred to as Regulations of Implementation) is officially promulgated and implemented and supporting regulations formulated by relevant local education authorities in accordance with the revised Regulations of Implementation comes into effect.</p> <p>3. As of the date of signing this commitment letter, Offcn Ltd. as the organizer intends to transfer its 100% of the rights of 33 private schools for</p>		Beijing: within 24 months from the date of the signing of this letter of commitment 2. The transfer of Kunming Wuhua Offcn Training School : within 12 months after the revised Regulations of Implementation officially promulgated and implemented and supporting regulations formulated by relevant local education authorities in accordance with the revised Regulations of Implementation comes into effect. a	been transferred to an unrelated third party. Other commitments are under implementation normally.
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		<p>non-academic qualifications to Li Yongxin and signed the <i>Agreement on Transfer of Rights of Private Schools for Non-Academic Qualifications Affiliated to Beijing Offcn Education Technology Co., Ltd.</i> Li Yongxin is willing to entrust the transferred 33 private schools for non-academic qualifications to Offcn Ltd. and signed the <i>Trusteeship Agreement of Private Schools for Non-academic Qualifications.</i></p> <p>4. After the completion of transaction, except for the above-mentioned cases, I promise that during the time of being the actual controller of the listed Company, I, my close relatives and other related parties, such as companies, enterprises or other economic organizations, controlled by myself and my close relatives shall not in any way (including but not limited to self operated or with other parties to operate joint venture, cooperation, joint operation, investment, mergence, and trustee operation home and aboard) engage in the same, similar, related and competitive businesses with the listed Company, which includes the follows:</p> <p>I will not directly or indirectly operate, participate in or assist others to conduct a same, similar businesses or other economic activities which directly or indirectly constitute a competitive relationship with businesses currently operated by the listed Company and its affiliated companies.</p> <p>2. I will not directly or indirectly invest on any economic entities whose businesses constitute a direct or indirect competitive relationship with the listed Company and its affiliates. 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;. 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. 5. I will not urge others to hire employees or management personnel from the listed</p>			
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		<p>Company and its affiliates.</p> <p>5. I promise that if I, my close relatives and other related parties, such as companies, enterprises or other economic organizations controlled by myself and my close relatives obtain any business opportunities from any third party, which can or may compete with the listed Company and its affiliates in the future, I will notify the listed Company and its affiliates in writing within 5 working days. After obtaining the third party's promise, I will attempt to transfer these business opportunities to the listed Company and its affiliates.</p> <p>6. I guarantee that I would never use my knowledge about and the information I'm aware of the listed Company and its affiliates to assist third parties to engage, participate, or invest in businesses or projects that compete with the listed companies and its affiliates.</p> <p>7. If I violate the above commitments, the benefits obtained by the violation of commitments shall belong to the listed Company and I shall be liable for all losses caused to the listed Company and its affiliates. Within 30 working days since receiving the writing notice from the listed Company, compensation will be made in cash.</p> <p>8. I will disclose relevant information in a timely manner if commitments fail to be fulfilled or to be fulfilled on schedule because of objective reasons, such as changes in relevant laws, regulations and policies, or natural disasters. Except for the above-mentioned objective reasons, if the commitment is anyhow unable to be fulfilled or fulfilling the commitment is not conducive to safeguarding the rights and interests of the listed Company, I should fully disclose the reasons and either provide a new commitment to the listed Company and related investors to replace the original one, or propose an exemption from fulfilling the commitment.</p> <p>9. The commitment is valid from the date when the commit letter is signed to the time when I cease to</p>			
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		be the actual controller of the listed Company.			
Wang Zhendong, Offcn Partnership	Letter of Commitment on avoiding horizontal competition	<p>1. As of the date of signing this letter of commitments, I, my close relatives, related parties, such as companies, enterprises or other economic organizations controlled by myself and my close relatives, Offcn Partnership and related parties, such as other enterprises or economic organizations controlled by Offcn Partnership, participate in no businesses which are the same, similar or related to businesses competing with the listed Company, Offcn Ltd. and their affiliated companies and schools. Except for serving as a director at Beijing Haidian District Kairuier Training School, affiliated to Offcn Online (Offcn Online tends to transfer the rights of Kairuier Training School to an unrelated third party and after this transfer, Wang Zhendong will not hold the post as a director.), I neither holds any full-time or part-time positions nor provides consultancy at any companies or enterprises which conducts competitive businesses with the listed Company, Offcn Ltd. and their affiliates. serve as a consultant or a part-time employee in other companies or enterprises that pose competitions against the listed Company, Offcn Ltd. and its affiliates. I do not directly or indirectly hold the equity of an company or entity that runs the same, similar or relevant business engaged by the listed Company, Offcn Ltd. and its affiliates.</p> <p>2.. After the completion of transaction, I/Offcn Partnership promise that during the time of being shareholders of the listed Company, I, my close relatives and other related parties, such as companies, enterprises or other economic organizations, controlled by myself and my close relatives, Offcn Partnership and related parties, such as other enterprises or economic organizations controlled by Offcn Partnership, shall not in any way (including but not limited to self operated or with other parties to operate joint venture, cooperation, joint operation, investment, mergence, and trustee operation home and aboard) engage in the same, similar, related and competitive businesses with the listed Company, which includes</p>	April 27, 2018	Long-term	Under normal implementation

		<p>the follows:</p> <p>I will not directly or indirectly operate, participate in or assist others to conduct a same, similar businesses or other economic activities which directly or indirectly constitute a competitive relationship with businesses currently operated by the listed Company and its affiliated companies.</p> <p>2. I will not directly or indirectly invest on any economic entities whose businesses constitute a direct or indirect competitive relationship with the listed Company and its affiliates. 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;. 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. 5. I will not urge others to hire employees or management personnel from the listed Company and its affiliates.</p> <p>3. I/Offcn Partnership promise that if I, my close relatives and other related parties, such as companies, enterprises or other economic organizations controlled by myself and my close relatives, Offcn Partnership and related parties, such as other enterprises or economic organizations controlled by Offcn Partnership, obtain any business opportunities from any third party, which can or may compete with the listed Company and its affiliates in the future, I/Offcn Partnership will immediately notify the listed Company. After obtaining the third party's promise, I will attempt to transfer these business opportunities to the listed Company and its affiliates.</p> <p>4. I guarantee that I would never use my knowledge about and the information I'm aware of the listed Company and its affiliates to assistant third parties to engage, participate, or invest in businesses or projects that compete with the listed companies and</p>			
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		<p>its affiliates.</p> <p>If I/Offcn Partnership shall be liable for all losses caused to the listed Company and its affiliates due to my/Offcn Partnership's failure in fulfilling commitments.</p>			
Li Yongxin, Lu Zhongfang	<p>Letter of Commitment on regulation and reduction of related-party transactions</p>	<p>1. After the transaction is completed, during the time of being the actual controller of the listed Company, I, my close relatives and other companies, enterprises or other economic organizations controlled by myself, my close relatives will try to avoid and reduce the related-party transactions with the listed Company and its affiliates; unless it is necessary for the business development of the listed Company, any related-party transactions with the listed Company and its affiliates will not be conducted.</p> <p>2. After the transaction is completed, for the related-party transactions which are unavoidable or reasonable to happen with the listed Company and its affiliates, I, my close relatives and other companies, enterprises or economic organizations controlled by myself and my close relatives, will sign related 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 the transaction, I will not use the shareholders' rights of the listed Company to manipulate or instruct the listed Company or its directors, supervisors and senior executives to make the listed Company provide or accept funds, commodities, services or other assets under unequal conditions or engage in any behaviors that would</p>	July 27, 2018	Long-term	Under normal implementation

		<p>damage the interests of the listed companies.</p> <p>4. I will urge my close relatives and other companies, enterprises and other economic organizations controlled by myself and my close relatives to abide by the aforementioned commitments.</p> <p>5. If I, my close relatives and other companies, enterprises and other economic organizations controlled by myself and my close relatives violate the above commitments, the profits obtained by the violation of commitments belong to the listed Company, and I shall be liable for all losses caused to the listed Company and its affiliates. Within 30 working days since receiving the written notice from the listed Company, compensation will be made in cash.</p> <p>6. The commitment is valid from the date when it is signed to the time when I cease to be the actual controller of Yaxia Automobile and there is no other related relationship with Yaxia Automobile.</p>			
Wang Zhendong, Aerospace Industry, Offcn Partnership	Letter of Commitment on reduction and standardization of related-party transactions	<p>1. After the completion of transaction, during the period of being the actual controller/shareholder, I, my close relatives and other companies, enterprises or other economic organizations controlled by myself, my close relatives, Aerospace Industry or Offcn Partnership, will try to avoid and reduce the related-party transactions with the listed Company.</p> <p>2. After the transaction is completed, for the related-party transactions which are unavoidable or reasonable to happen with the listed Company and its affiliates, myself, my close relatives and other companies, enterprises or economic organizations controlled by myself and my close relatives, Aerospace Industry or Offcn Partnership, will sign related transaction agreements with the listed Company and its affiliates in accordance with the relevant laws, regulations and regulatory documents and follow the general business principles of equality, willingness, equivalence and paid-use. The prices of related-party transactions shall be fair. Decision-making procedures, lawful information</p>	April 27, 2018	Long-term	Under normal implementation

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

Asset or Project Name in Profit Forecast	Forecast Start Time	Forecast End Time	Forecast Performance of the period (billions RMB)	Actual Performance (billions RMB)	Reasons for not meeting expectations (if applicable)	Original Forecast Disclosure Date	Original Forecast Disclosure Index
Profit forecast of the target company in this major assets restructuring, Beijing Offcn Education Technology Co., Ltd. (the net profits after deducting non-recurring profits and losses under the consolidated statements)	January 1, 2018	December 31, 2020	1.3	1.7191964	Not applicable	May 5, 2018	<i>Report of Major Assets Replacement and Issuance of Shares for Purchasing Assets and Related-party Transaction (Draft) at http://www.cninfo.com.cn</i>

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

Applicable Not applicable

According to the *Profit Compensation Commitment* signed by Li Yongxin and other 7 performance compensation obligors with the listed Company, the compensation periods for this transaction are the years of 2018, 2019 and 2020. The performance compensation obligors made a commitment that after the completion of the major assets restructuring, Beijing Offcn shall achieve the net profits attributable to shareholders of the parent company after deducting non-recurring profits and losses under the consolidated statements no less than RMB 930 million, RMB 1.3 billion and RMB 1.65 billion in the year of 2018, 2019 and 2020 respectively.

After the completion of this transaction, the listed Company shall engage an accounting firm with securities

qualifications to issue a special audit report for Beijing Offcn on the actual net profits after deducting non-recurring profits and losses in the current period. Should the amount of actual net profits (aggregate amount) realized by Beijing Offcn as of the end of each fiscal year during the profit compensation period fails to reach the committed net profits (aggregate amount), the performance compensation obligors shall assume the compensation obligation in accordance with the *Profit Compensation Commitment*.

Fulfillment of performance commitments and their impact on goodwill impairment testing:

During the reporting period, the net profits attributable to shareholders of the parent company after deducting non-recurring profits and losses under the consolidated statements of Offcn Ltd., which is the wholly-owned subsidiary of the Company, reached RMB 1,719,196,366.83. As the performance commitment of 2019 was RMB 1,300,000,000, the performance commitment was realized at a completion rate of 132.25%.

The total net profits attributable to shareholders of the parent company after deducting non-recurring profits and losses under the consolidated statements of Offcn Ltd in 2018-2019 was RMB 2,841,975,451.99. Which was realized at a completion rate of 127.44% compared with the promised net profit of RMB 2,230,000,000 in 2018-2019.

Section IV. Status of capital of the listed Company used for non-operational purposes by the controlling shareholder or its related parties:

Applicable Not applicable

In the reporting period, no controlling shareholder or its related parties used capital of the listed Company for non-operational purposes.

Section V. Explanation given by the board of directors, supervisory committee and independent directors (if applicable) regarding the “non-standard auditor’s report” issued by the CPA firm for the current reporting period.

Applicable Not applicable

Section VI. Changes in accounting policy, estimation, and methods when compared to the previous financial year

Applicable Not applicable

1. Since January 1, 2019, the company has adopted the relevant provisions of *Notice on Revising and Issuing the Format of General Enterprise Financial Statements for 2019* [Cai Kuai (2019) No. 6] and “Notice on Revision of the Consolidated Financial Statement format (2019 edition)” [Cai Kuai (2019) No.16], hereinafter referred to as

"Amendment Notice"). Accounting policy changes and the resulting effects are as follows:

Table 1

Projects	Adjustment Item
Balance Sheet	<p>(1) The item "Notes and accounts receivable" is divided into the item "Notes Receivable" and the item "Accounts Receivable";</p> <p>(2) The item "Notes and accounts payable" is divided into the item "Notes Payable" and the item "Accounts Payable";</p> <p>(3) A new "Financing receivables" item reflects notes and accounts receivable that are measured at fair value and their changes are included in other comprehensive income;</p> <p>(4) The new item of "Special reserve" reflects the book value at the end of the period of the safety production expenses drawn by enterprises in high-risk industries according to state regulations.</p> <p>(5) New "Right-of-use assets" and "Lease liabilities" items.</p>
The Income Statement	<p>(1) A new item entitled "Income generated from the derecognition of financial assets measured at amortized cost" shall be added to reflect the gains or losses incurred by an enterprise as a result of the termination of recognition of financial assets at amortized cost due to transfer or other circumstances;</p> <p>(2) The items of "Impairment losses of assets" and "Impairment losses of creditability" are moved to the position after "Gains from changes in fair value";</p> <p>(3) The Income Statement "MINUS: Impairment losses of assets" is adjusted to "PLUS: Impairment losses of assets(Losses are indicated by "-")";</p> <p>(4) Adjusting the "MINUS: Impairment losses of creditability" in the Income Statement to "PLUS: Impairment losses of creditability (Losses are indicated by "-")";</p> <p>(5) In the Income Statement, under the item "Investment income", add the item "Income generated from the derecognition of financial assets measured at amortized cost (losses are represented by '-')";</p> <p>(6) The "Net increase in financial assets held for trading purposes" and "Cash received on issuance of bonds" were deleted from the Income Statement.</p>
Statement of Cash Flow	<p>The Statement of Cash Flows specifies the scope of the government subsidy, and the actual government subsidy received by the enterprise, whether related to assets or income, is listed</p>

under the item " Cash received relating to other operating activities " .

- Statement of Changes
in Owners' Equity**
- (1) Specifying the scope of the item "Other equity instrument owner's invested capital" and the item "Other equity instrument owner's invested capital" , the amount of capital invested by the holders of financial instruments classified as equity instruments other than common shares issued by the Enterprise;
- (2) Adding "Extraction and use of special reserve" items to the statement of changes in owners' equity.

Table 2

The contents and reasons for the changes of accounting policies	Affected financial statements line items
Divide the "Notes receivable and Accounts receivable" into "Notes receivables" and "Accounts receivables"	As of December 31, 2019, the amount of notes receivables and accounts receivables presented in the statement of the consolidated financial position were RMB 0.00 and RMB 2,721,638.09; As of December 31, 2018, the amount of notes receivables and accounts receivables were RMB 0.00 and RMB 6,804,330.67.
	As of December 31, 2019, both of the notes receivables and accounts receivables are presented as RMB 0.00. As of December 31, 2018, both of the notes receivables and accounts receivables are also presented as RMB 0.00.
Divide the "Notes payable and Accounts payable" into "Notes payable" and "Accounts payable"	As of December 31, 2019, the amount of notes payable and accounts payable presented in the statement of the consolidated financial position were RMB 0.00 and RMB 236,481,990.86;As of December 31, 2018, the amount of notes payables and accounts receivables were RMB 0.00and RMB 144,564,705.50.
	As of December 31, 2019, the amount of notes payable and accounts payable presented in the statement of the parent financial position were RMB 0.00 and RMB 561,752.26 ;As of December 31, 2018, the amount of notes payables and accounts receivables were RMB 0.00 and RMB 19,854,802.89.

2. Since January 1, 2019, the company has adopted the relevant regulations of the Accounting Standards for Business Enterprises No.22--Recognition and Measurement of Financial Instruments (Accounting [2017] No.7) and Accounting Standards for Business Enterprises No.23--Transfer of Financial Assets (Accounting [2017] No.8), Accounting Standards for Business Enterprises No.24-- Hedging Accounting (Accounting [2017] No.9) (and Accounting Standards for Business Enterprises No.37-- Presentation of Financial Instruments (Accounting [2017] No.14), and based on the cumulative impact, the retained earnings at the beginning of the year and other relevant items in the financial statements are adjusted, and information for comparable periods is not adjusted. Changes in accounting policies resulted in an increase of RMB 247,170.28 in the undistributed profit of the consolidated financial statements on January 1, 2019. The financial statements of the parent company on January 1, 2019 had no impact.

3. The company has adopted the relevant provisions of the Accounting Standards for Business Enterprises No.7-- Monetary Assets Exchange (Accounting [2019] No.8) from 10 June 2019. The company shall adjust non-monetary asset exchanges between January 1, 2019 and the implementation date of this standard according to the standards. The company does not need to make retrospective adjustments to non-monetary asset exchanges that occurred before January 1, 2019. Changes in accounting policies have no impact on the company's consolidation and the parent company's financial statements.

4. The Company has adopted the relevant provisions of the Accounting Standards for Business Enterprises No.12-- Monetary Assets Exchange (Accounting [2019] No.9) since 17 June 2019. The company shall adjust the debt restructuring that occurred between January 1, 2019 and the implementation date of this standard in accordance with the standards. The company does not need to make retrospective adjustments to debt restructurings that occurred before January 1, 2019. Changes in accounting policies have no impact on the company's consolidation and the parent company's financial statements.

Section VII. Retrospective restatement due to correction of material accounting errors in the reporting period

Applicable Not applicable

No such cases in the reporting period.

Section VIII. Changes in consolidation scope when compared to the previous financial year

Applicable Not applicable

The name of the subsidiary	Proportion of shareholding (%)	Reason for changes

The name of the subsidiary	Proportion of shareholding (%)	Reason for changes
Tonghua Offcn Co., Ltd.	100.00	New establishment
Hunan Lightsalt Offcn Co., Ltd.	90.00	New establishment
Tianjin Hexi Offcn Co., Ltd.	100.00	New establishment
Chengdu Offcn Co., Ltd.	100.00	New establishment
Shandong Zuoda Business Management Co., Ltd.	100.00	New establishment
Liaoning Zhongcheng Real Estate Development Co., Ltd.	100.00	Acquisition

Section IX. Engagement and disengagement of the CPA firm

CPA firm engaged at present

Name of the CPA firm	Baker Tilly China Certified Public Accountants LLP
Remuneration for the CPA firm (millions RMB)	1.8
Consecutive years of the audit service provided by the c CPA firm	2
Name of the certified public accountants from the CPA firm	Zhou Baiming, Shen Xu
Consecutive years of the audit service provided by the certified public accountants from the CPA firm	2

Whether the CPA firm was changed in the current period:

Yes No

Engagement of internal control audit CPA firm, financial advisor or sponsor:

Applicable Not applicable

Section X. Possibility of listing suspension and/or termination after disclosure of this Annual Report:

Applicable Not applicable

Section XI. Bankruptcy and reorganization:

Applicable Not applicable

Section XII. Significant lawsuit or arbitration:

Applicable Not applicable

There is no significant lawsuit or arbitration of the Company during the reporting period.

Other legal cases of the Company and its subsidiaries during the reporting period were as follows:

1. The amount involved in legal cases resolved during the reporting period was RMB 14,264,893.11, and the actual documented, effective amount was about RMB 3,340,949.93. The results of the described legal proceedings do not have a material adverse effect on the Company's operations;
2. The amount involved in the pending legal cases as of the end of the reporting period was RMB 12,544,000.89, accounting for 0.37 % of the audited net assets attributable to the shareholders of the Company in 2019, which does not have a material adverse effect on the Company's operations.

Section XIII. Punishment and rectification:

Applicable Not applicable

There is no punishment or rectification of the Company during the reporting period.

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

Applicable Not applicable

Section XV. The implementation of stock incentive plan, Employee Stock Ownership Plan, or other employee incentive plans:

Applicable Not applicable

There is no stock incentive plan, employee stock ownership plan or other employee incentive plans during the reporting period.

Section XVI. Significant related-party transactions

1. Related-party transactions relevant to routine operations

Applicable Not applicable

No such cases in the reporting period.

2. Related-party transactions relevant to purchases and sales of assets

Applicable Not applicable

No such cases in the reporting period.

3. Related-party transactions with joint foreign investments

Applicable Not applicable

No such cases in the reporting period.

4. Credits and liabilities with related parties

Applicable Not applicable

No such cases in the reporting period.

5. Other significant related-party transactions

Applicable Not applicable

On 12 December 2018, Li Yongxin signed an agreement with Huaxia Bank Co., Ltd. Beijing Sidaokou Sub-branch to provide a maximum personal guarantee of RMB 570,000,000.00 for Offcn Ltd. 's short-term loans with the contract number YYB76(maximum guarantee)20180023. The claim period is from 7 December 2018 to 7 December 2019.

On 12 December 2018, Offcn Ltd. signed a loan contract of RMB 100,000,000.00 with Huaxia Bank Sidaokou Sub-branch, with the contract number YYB7610120180011, and the loan period was from 13 December 2018 to 13 December 2019. The loan was settled on 13 December 2019.

On 26 December 2018, Offcn Ltd. signed a loan contract of RMB 110,000,000.00 with Huaxia Bank Sidaokou Sub-branch, with the contract number YYB7610120180013, and the loan period was from 26 December 2018 to 26 December 2019. The loan was settled on 13 December 2019.

On 9 January 2019, Offcn Ltd. and Huaxia Bank Sidaokou Sub-branch signed a loan contract of RMB 360,000,000.00 with contract number YYB7610120180014. The loan period is from 9 January 2019 to 9 January 2020, as of December 2019, the loan balance on the 31st was RMB 360,000,000.00.

Section XVII. Significant contracts and their execution

1. Trusteeships, Contracts, and Leases

(1) Trusteeships

Applicable Not applicable

Trusteeships description

On September 20, 2018, Offcn Ltd. and Li Yongxin signed 《Agreement on Transfer of Rights of Private Schools Affiliated to Beijing Offcn Education Technology Co., Ltd.》, as of September 20, 2018, 100% of the rights of the organizers of all private non-enterprise units under Offcn Ltd. were transferred to Li Yongxin. At the same time, Li Yongxin and Offcn Ltd. signed 《Trusteeship Agreement of Private Schools》. It is agreed that, Li Yongxin would entrust Offcn Ltd. to manage the private non-enterprise units, from the day Li Yongxin paid the entire transfer price to 100% of the units' rights and interests of the organizer, transferred to an unrelated third party or cancelled (Note: Within 12 months of the promulgation and implementation of the revised Implementation Regulations and the relevant regulations formulated by the relevant local education authorities based on the revised Implementation Regulations, Li Yongxin transfer the private non-enterprise units 100% of the organizer's rights to an unrelated third party or cancel them).

Projects in which the profit or loss brought to the company reaches more than 10% of the company's total profit during the reporting period

Applicable Not applicable

No such cases in the reporting period.

(2) Contracts

Applicable Not applicable

No significant contracts in the reporting period.

(3) Leases

Applicable Not applicable

No significant leases in the reporting period.

2. Significant guarantees

Applicable Not applicable

No significant guarantees in the reporting period.

3. Cash assets managed under trust

(1) Wealth managed under trust

Applicable Not applicable

Entrusted finances during the reporting period

Unit: RMB10 thousands

Type	Funding Source for Entrusted Funds	Entrusted Finance Amount	Unexpired Balance	Overdue Outstanding Amount
Bank wealth management products	Self-owned fund	267,340.00	69,735.00	0.00
Brokerage wealth management products	Self-owned fund	8,000.00	8,000.00	0.00
Trust wealth management products	Self-owned fund	107,700.00	107,700.00	0.00
Others	Self-owned fund	194,350.00	0.00	0.00
Total		577,390.00	185,435.00	0.00

Details of individual items with significant amount or of low safety, poor liquidity, or without principal guarantee high risk wealth management products

 Applicable Not applicable

The entrusted financing is expected to fail to recover the principal, or there may be other circumstances that may result in impairment.

 Applicable Not applicable

(2) Entrusted loans

 Applicable Not applicable

No such cases in the reporting period.

4. Other significant contracts

 Applicable Not applicable

Contracting Party A	Beijing Offcn Education Technology Co., Ltd.	Beijing Offcn Education Technology Co., Ltd.	Beijing Offcn Education Technology Co., Ltd.	Beijing Offcn Education Technology Co., Ltd.	Beijing Offcn Education Technology Co., Ltd.
Contracting Party B	Beijing Jingchenrunye Technology development Co.,	Harbin Gloria Pharmaceuticals Co., Ltd.	Shenyang Lijing Pearl Hotel Management	Beijing Guangyuan huifeng construction engineering Co., Ltd.	Beijing Chuangsheng Architectural Decoration

	Ltd.				Engineering Co. , Ltd
Contract	Rent Unit A, Unit B, Unit A, Units 18, 19, 21 in Daokou Village East Courtyard, Wangsiying Town, Chaoyang District, Beijing	Rent West Tower of Hanhua Century Building, Building 1, No. 23 Xueqing Road, Haidian District, Beijing	Rent Building No. 129, Beishuncheng Road, Shenhe District, Shenyang	Renovation project (Building area of about 350 thousand square meters)	Renovation project (Building area of about 150 thousand square meters)
Signing Date	July 01, 2014	June 16, 2013	July 01, 2016	September 03, 2017	August 07, 2019
Evaluation Agency	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Pricing Principle	Market price	Market price	Market price	Market price	Market price
Price (RMB10 thousands)	9,810.87	10,753.69	25,090.48	30,000.00	28,674.70
Related Party Transaction	No	No	Yes	No	No
Related Party	No	No	Companies controlled by our executives and core employees	No	No
Implementation as of the end of the reporting period	In progress	In progress	In progress	Completed	In progress
Disclose Date	December 01, 2018	December 01, 2018	December 01, 2018	December 01, 2018	
Website	http://www.cninfo.com.cn	http://www.cninfo.com.cn	http://www.cninfo.com.cn	http://www.cninfo.com.cn	

4. Other significant contracts

√ Applicable □ Not applicable

Contracting Party A	Beijing Offcn Education Technology Co., Ltd.	Beijing Offcn Education Technology Co., Ltd.	Beijing Offcn Education Technology Co., Ltd.	Beijing Offcn Education Technology Co., Ltd.	Beijing Offcn Education Technology Co., Ltd.
Contracting Party B	Beijing Jingchenrunye Technology development Co., Ltd.	Harbin Gloria Pharmaceuticals Co., Ltd.	Shenyang Lijing Pearl Hotel Management	Beijing Guangyuan huifeng construction engineering Co., Ltd.	Beijing Chuangsheng Architectural Decoration Engineering Co. , Ltd

Contract	Rent Unit A, Unit B, Unit A, Units 18, 19, 21 in Daokou Village East Courtyard, Wangsiying Town, Chaoyang District, Beijing	Rent West Tower of Hanhua Century Building, Building 1, No. 23 Xueqing Road, Haidian District, Beijing	Rent Building No. 129, Beishuncheng Road, Shenhe District, Shenyang	Renovation project (Building area of about 350 thousand square meters)	Renovation project (Building area of about 150 thousand square meters)
Signing Date	July 01, 2014	June 16, 2013	July 01, 2016	September 03, 2017	August 07, 2019
Evaluation Agency	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Pricing Principle	Market price	Market price	Market price	Market price	Market price
Price (RMB10 thousands)	9,810.87	10,753.69	25,090.48	30,000.00	28,674.70
Related Party Transaction	No	No	Yes	No	No
Related Party	No	No	Companies controlled by our executives and core employees	No	No
Implementation as of the end of the reporting period	In progress	In progress	In progress	Completed	In progress
Disclose Date	December 01, 2018	December 01, 2018	December 01, 2018	December 01, 2018	
Website	http://www.cninfo.com.cn	http://www.cninfo.com.cn	http://www.cninfo.com.cn	http://www.cninfo.com.cn	

Section XVIII. Social responsibilities

1. Fulfillment of social responsibilities:

For details, please refer to the Company's *2019 Annual Report on Social Responsibilities of OFFCN EDU* disclosed on the same date of this Annual Report on CNINFO (www.cninfo.com.cn).

2. Fulfillment of the social responsibility of targeted poverty alleviation:

During the reporting period, the Company did not carry out any targeted poverty alleviation and currently there is no future arrangement for targeted poverty alleviation.

3. Environmental protection:

Whether the Company or any of its subsidiaries is declared a major pollutant enterprise by the environmental protection authorities:

No

During the reporting period, the Company and its subsidiaries strictly implemented national laws and regulations on environmental protection, and were not subject to administrative penalties from the national environmental protection authorities for violating relevant laws and regulations. The Company has always practiced the green development concept put forward in the “13th Five-Year Plan”, conscientiously implemented various environmental protection management systems, and continuously promoted energy conservation, emission reduction and environmental protection. At the same time, the Company also integrates and implements the concept of environmental protection in strategic decision-making and all aspects of business, operates in a low-carbon way, and encourages employees to conduct green voluntary activities, aiming to jointly contribute to the harmonious development of society.

Section XIX. Other significant events

Applicable Not applicable

Major Assets Restructuring:

During the 55th conference of 2018 held by the Review Committee for Mergers, Acquisitions, and Restructurings of Listed Companies of China Securities Regulatory Commission on November 2, 2018, the Company's major assets restructuring was conditionally approved.

On November 28, 2018, the Company acquired, from China Securities Regulatory Commission (CSRC), the document No. 1972[2018] of *The Reply on Examining and Approving the Major Assets Restructuring of Yaxia Automobile Co., Ltd. and the Issuance of Shares to Lu Zhongfang and others for Purchasing Assets*. It marked the official approval of the major assets restructuring transaction by CSRC.

In December 2018, the parties involved in this restructuring have officially completed the relevant industrial and commercial procedure of equity change, and acquired the documents of approval issued by the Administration for Industry and Commerce. In the same month, the parties involved in this restructuring signed a formal confirmation letter of asset delivery.

On January 21, 2019, Yaxia Industry transferred 80,000,000 shares and 72,696,561 shares respectively to Offcn Partnership and Li Yongxin, and the shares transfer registration was completed.

On January 29, 2019, the Company released *the Announcement on the Major Assets Replacement and the Issuance of Shares for Purchasing Assets, the Implementation of Related Transactions and the Listing of New Shares*. On January 31, 2019, 5,347,063,429 new shares in this major assets restructuring were officially listed. The Company's total share capital was increased to 6,167,399,389 shares.

With the examination and approval of the Administration for Industry and Commerce, the Company has adopted “Offcn Education Technology Co., Ltd” as its name since February 2, 2019. Examined and Approved by the Shenzhen Stock Exchange, the Company's stock abbreviation has become “OFFCN EDU” as a replacement of the

former name “Yaxia Auto” since February 21, 2019.

Announcements and index of other key disclosures are as follows:

Title of Announcements	Disclosure Date	Disclosure Website
Announcement on the Adjustment of the Price and Quantity of New Issues after the Implementation of Dividend Plan for the First Three Quarters of 2018	2019/1/8	http://www.cninfo.com.cn
Announcement on the Proposed Change of Company Name and Stock Short Name	2019/1/16	http://www.cninfo.com.cn
Announcement on the Entrusted Financial Management Business of the Company and its Subsidiaries	2019/1/16	http://www.cninfo.com.cn
Announcement on the Alteration of the Company's business scope and the Increase of the Registered Capital	2019/1/16	http://www.cninfo.com.cn
Announcement on the Alteration of Accounting Firm	2019/1/16	http://www.cninfo.com.cn
Announcement on the Agreement on the Transfer of Controlling Stockholders' shares and the Completion of the Transfer Registration	2019/1/22	http://www.cninfo.com.cn
Announcement on the Commitments of the Parties concerned in the Replacement of Major Assets and the Issuance of Shares for Purchasing Assets	2019/1/29	http://www.cninfo.com.cn
Announcement on the Change of Company's Name, Business Scope, the Increase of Registered Capital and the Completion of business registration of change	2019/2/12	http://www.cninfo.com.cn
Announcement on the Change of the Chinese and English Stock Short Name of the Company	2019/2/21	http://www.cninfo.com.cn
Announcement on the 2018 Profit Distribution Plan	2019/4/9	http://www.cninfo.com.cn
Special Explanation of the Alterations in Accounting Policies and Accounting Estimates	2019/4/9	http://www.cninfo.com.cn
Announcement on the Confirmation of the 2019 Annual Pay Schemes for Directors, Supervisors and Senior Managers of the Company	2019/4/9	http://www.cninfo.com.cn
Announcement on the Estimated Daily Connected Transaction Limits for 2019	2019/4/9	http://www.cninfo.com.cn
Announcement on the Implementation of the 2018 Annual Equity Distribution	2019/5/7	http://www.cninfo.com.cn

Announcement on the Company and its Subsidiaries' Application for a Comprehensive Credit Limit from the Bank	2019/7/6	http://www.cninfo.com.cn
Announcement on the Reappointment of the Accounting Firm	2019/12/21	http://www.cninfo.com.cn

Section XX. Other significant events

√ Applicable □ Not applicable

1. On June 18, 2019, Offcn Ltd. signed the “*Nan Hu Xiang Project*” *Joint Development Agreement* with Hunan Lightsalt New Sunshine Industrial Development&Investment Co., Ltd. (hereinafter referred to as Hunan Lightsalt New Sunshine). After the project is completed, the buildings will be used as the Hunan Regional Headquarters of the Company. On the same day, the project company, namely Hunan Lightsalt Offcn Education Technology Co., Ltd. (hereinafter referred to as Hunan Lightsalt Offcn), was incorporated, with 20 million registered capital, of which 90% were contributed by Offcn Ltd. and 10% by Hunan Lightsalt New Sunshine. Up to now, Offcn Ltd. has paid the project company 200 million RMB for land consolidation. All the items mentioned above were reviewed and approved by the general managers' office meeting of the Company.

2. Beijing Offcn Education Technology Co., Ltd. (a wholly-owned subsidiary of the Company, hereinafter referred to as “Beijing Offcn”) and Beijing Offcn Future Education Group Co., Ltd. (hereinafter referred to as “Offcn Group”) jointly participated in the bidding for rights and interests under Shandong Superior People's Court (2017) No. 16-2 executive order, namely the rights and interests legally obtained from debtors by Licheng Branch of Jinan Rural Commercial Bank Co., Ltd. The assets (namely the rights and interests mentioned above) include the use rights of the land (Land Number: 07-06-01; Certificate Number: Jiyang National Land (2013) No. 178) located in the south of Baiyangdian Village, Duoshi Town, Jiyang County, Jinan City, and attachments on the land. On September 27, 2019, the bidders won the bid at a total price of 228 million yuan. By the bid, Beijing Offcn acquired 1,221.0671 acres of land and attachments on the land at the price payable of 210.7404 million yuan; Offcn Group acquired 100 acres of land and attachments on the land at the price payable of 17.2596 million yuan. The joint bidders mentioned above independently bear all expenses incurred in the bidding, certificates handling and transferring. The assets acquired by Beijing Offcn will be used for the construction of one-stop learning base and other vocational education complexes. The assets acquired by Offcn Group will be used for constructing the headquarters of Offcn Publishing intelligent warehouse. As of October 22, 2019, the bidders mentioned above have fully paid for the assets at the payable price and the subsequent delivery procedures are underway. All the matters mentioned above have been reviewed and approved by the general manager's office meeting of the Company.

3. Held on December 3, 2019, the general manager's office meeting of the Company reviewed the equity purchase proposal and approved Offcn Ltd. (a wholly-owned subsidiary of the Company) to purchase the equity of Liaoning Zhongcheng Land Development Co., Ltd. (hereinafter referred to as “Zhongcheng Land”). Based on the value assessed on the base date of evaluation and audit (October 31, 2019), the Company confirmed the acquisition of 100% equity of Zhongcheng Land at the price of RMB 173,317,597.39. With the assets previously owned by Zhongcheng Land, the Company is to construct one-stop learning base and other vocational education complexes for the Liaoning Regional Headquarters. The above-mentioned item has been reviewed and approved by the general manager's office meeting.

Chapter VI. Changes in Shares and Information about 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	Others	Subtotal	Number of shares	Proportion
1. Shares with sales restrictions	114,933,519	14.01%	5,347,063,429			-114,933,519	5,232,129,910	5,347,063,429	86.70%
(1) Shares held by state									
(2) Shares held by state-owned legal person									
(3) Other shares held by domestic capital	114,933,519	14.01%	5,347,063,429			-114,933,519	5,232,129,910	5,347,063,429	86.70%
Of which: held by domestic legal person			534,706,341				534,706,341	534,706,341	8.67%
held by domestic natural person	114,933,519	14.01%	4,812,357,088			-114,933,519	4,697,423,569	4,812,357,088	78.03%
(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	705,402,441	85.99%				114,933,519	114,933,519	820,335,960	13.30%
(1) RMB common shares	705,402,441	85.99%				114,933,519	114,933,519	820,335,960	13.30%
(2) Domestic- listed shares for overseas investors									
(3) Foreign- listed shares for overseas investors									
(4) Others									
3. Total number of shares	820,335,960	100.00%	5,347,063,429				5,347,063,429	6,167,399,389	100.00%

Reasons of share changes:

Applicable Not applicable

According to the arrangement of the major assets restructuring, Yaxia Auto, the predecessor of the Company, issued 5,347,063,429 ordinary shares to all shareholders of Offcn Ltd. After the 5,347,063,429 new shares were listed on January 31, 2019, the total share capital of the Company was increased to 6,167,399,389 shares.

Approval of share changes:

Applicable Not applicable

The changes in shares during the reporting period were approved by Approval of Major Assets Restructuring of Yaxia Automobile Co., Ltd. and Purchase of Assets by Issuing Shares to Lu Zhongfang and Others (Regulatory Permission [2018] No. 1972), issued by China Securities Regulatory Commission (CSRC).

Transfer of share ownership:

Applicable Not applicable

According to the aforementioned major assets restructuring arrangement, the Company issued 5,347,063,429 RM B-denominated ordinary shares to all shareholders of Beijing Offcn Education Technology Co., Ltd. The new shares were listed on January 31, 2019, detailed in *Listing Notice of Main Assets Replacement and Issuance of Shares for Purchasing Assets and Execution of Related-party Transaction and Additional Shares Listing* issued on January 29, 2019.

Execution of share repurchases:

Applicable Not applicable

Execution of reduction in repurchased shares by means of centralized bidding

Applicable Not applicable

Effects of changes in shares on the basic EPS, diluted EPS, net asset per share attributable to common shareholders of the Company, and other financial indexes over the last year and the last reporting period:

Applicable Not applicable

During the reporting period, the Company increased share capital by 5,347,063,429 shares, which diluted the basic earnings per share and diluted earnings per share for the current period, and the net asset per share attributable to common shareholders of the Company.

Other contents that the Company considers necessary or is required by the securities regulatory authorities 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
Lu Zhongfang	0	2,550,549,260	0	2,550,549,260	Shares with sales restrictions increased by 2,550,549,260 shares due to commitment of major assets replacement and issuing shares with sales restrictions for purchasing assets.	January 31, 2022
Li Yongxin	0	1,058,718,560	0	1,058,718,560	Shares with sales restrictions increased by 1,058,718,560 shares due to commitment of major assets replacement and issuing shares with sales restrictions for purchasing assets.	January 31, 2022
Wang Zhendong	0	962,471,418	0	962,471,418	Shares with sales restrictions increased by 962,471,418 shares due to commitment of major assets replacement and issuing shares with sales restrictions for purchasing assets.	January 31, 2021

Beijing Aerospace Industry Investment Fund (Limited Partnership)	0	267,353,171	0	267,353,171	Shares with sales restrictions increased by 267,353,171 shares due to commitment of major assets replacement and issuing shares with sales restrictions for purchasing assets.	January 31, 2021
Beijing Guangyin Venture Capital Center (Limited Partnership)	0	178,235,447	0	178,235,447	Shares with sales restrictions increased by 178,235,447 shares due to commitment of major assets replacement and issuing shares with sales restrictions for purchasing assets.	2021年01月31日 January 31, 2021
Beijing Kerui Technology Innovation Investment Center (Limited Partnership)	0	89,117,723	0	89,117,723	Shares with sales restrictions increased by 89,117,723 shares due to commitment of major assets replacement and issuing shares with sales restrictions for purchasing assets.	January 31, 2022
Yang Shaofeng	0	48,123,570	0	48,123,570	Shares with sales restrictions increased by 48,123,570 shares due to commitment of major assets replacement and issuing shares with sales restrictions for purchasing assets.	January 31, 2021
Zhang Zhian	0	48,123,570	0	48,123,570	Shares with sales restrictions increased by 48,123,570 shares due to commitment of major assets replacement and issuing shares with sales restrictions for purchasing assets.	January 31, 2021
Liu Bin	0	48,123,570	0	48,123,570	Shares with sales restrictions increased by 48,123,570 shares due to commitment of major assets replacement and issuing shares with sales restrictions for purchasing assets.	January 31, 2021

Zhang Yongsheng	0	48,123,570	0	48,123,570	Shares with sales restrictions increased by 48,123,570 shares due to commitment of major assets replacement and issuing shares with sales restrictions for purchasing assets.	January 31, 2021
Guo Shihong	0	48,123,570	0	48,123,570	Shares with sales restrictions increased by 48,123,570 shares due to commitment of major assets replacement and issuing shares with sales restrictions for purchasing assets.	January 31, 2021
Others	114,868,068	0	114,868,068	0	Restriction released half a year later after the resignation of any senior executive	According to the policies on share-holding for senior executives.
Total	114,868,068	5,347,063,429	114,868,068	5,347,063,429	--	--

Section II. Issuance and listing of securities

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

Applicable Not applicable

Shares and derivative securities	Date of Issuance	Issue price (or interest rate)	Number of issued shares	Listing date	Number of shares permitted for listed transactions	Transaction termination date
Shares						
RMB common shares	January 23, 2019	3.27 RMB/share	5,347,063,429	January 31, 2019	5,347,063,429	

Particulars about issuance of securities (excluding preferred shares) during the reporting period

During the reporting period, in accordance with the arrangement of the major assets restructuring, the Company

issued 5,347,063,429 RMB common shares to all shareholders of Offcn Ltd. The new shares were listed on Shenzhen Stock Exchange on January 31, 2019.

2. Particulars about changes in share capital, structure of shareholders, and structure of assets and liabilities:

Applicable Not applicable

This major assets restructuring transaction was approved by China Securities Regulatory Commission with *The Reply on Approval of Major Assets Restructuring of Yaxia Automobile Co., Ltd. and Issuance of Shares for Purchasing Assets to Lu Zhongfang and Others (Regulatory Permission [2018] No. 1972)*. During the reporting period, the Company issued 5,347,063,429 RMB common shares to all shareholders of Offcn Ltd. for purchasing assets. The share capital of the Company increased from 5,347,063,429 shares to 6,167,399,389 shares.

3. Existing shares held by internal employees of the Company

Applicable Not applicable

Section III. Information about the shareholders and actual controllers

1. Total number of shareholders and their shareholdings

Unit: share(s)

Total number of common shareholders at the end of reporting period	31,629	Total number of common shareholders at the end of last month before the disclosure date of the annual report	26,733	Total number of preferred shareholders with voting rights restored at the end of reporting period	0	Total number of preferred shareholders with voting rights restored at the end of last month before the disclosure date of the annual report	0	
Particulars about shares held by shareholders with a shareholding percentage over 5% or the Top 10 of them								
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 or frozen	
							Status of shares	Amount

Lu Zhongfang	Domestic natural person	41.36%	2,550,549,260	2,550,549,260	2,550,549,260	0	Pledged	400,000,000
Li Yongxin	Domestic natural person	18.35%	1,131,415,121	1,131,415,121	1,058,718,560	72,696,561	Pledged	782,850,000
Wang Zhendong	Domestic natural person	15.61%	962,471,418	962,471,418	962,471,418	0	Pledged	78,600,000
Beijing Aerospace Industry Investment Fund (Limited Partnership)	Domestic non-state-owned legal person	4.33%	267,353,171	267,353,171	267,353,171	0		
Beijing Guangyin Venture Capital Center (Limited Partnership)	Domestic non-state-owned legal person	2.89%	178,235,447	178,235,447	178,235,447	0	Pledged	30,000,000
Beijing Kerui Technology Innovation Investment Center (Limited Partnership)	Domestic non-state-owned legal person	1.44%	89,117,723	89,117,723	89,117,723	0		
Beijing Offcn Future Information Consulting Center (Limited Partnership)	Domestic non-state-owned legal person	1.30%	80,000,000	80,000,000	0	80,000,000		
Zhou Xiayun	Domestic natural person	1.28%	78,848,640	0	0	78,848,640	Pledged	62,148,845
Zhou Hui	Domestic natural person	1.17%	72,277,920	0	0	72,277,920	Pledged	18,249,020
Zhou Li	Domestic natural person	0.78%	48,185,280	0	0	48,185,280		

Particulars about the strategic investor or general legal person who becomes the top 10 shareholders due to the placement of new shares	N/A		
Explanation on associated relationship or concerted actions among the above-mentioned shareholders:	The controlling shareholders and the actual controllers of the Company Lu Zhongfang and Li Yongxin are mother and son. Lu Zhongfang, Li Yongxin and Beijing Offcn Future Information Consulting Center (Limited Partnership) are acting in concert. Zhou Xiayun and Zhou Hui are father and son. Zhou Xiayun and Zhouli are father and daughter. The Company does not know whether the other shareholders are related parties or whether they are acting-in-concert parties as defined in the Measures for Management of the Disclosure of the Shareholding Changes of Shareholders of the listed Company.		
Particulars about shares held by the Top 10 shareholders without sales restriction(s)			
Name of shareholder	Number of shares without sales restrictions held at the end of the reporting period	Type of shares	
		Type of shares	Quantity
Beijing Offcn Future Information Consulting Center (Limited Partnership)	80,000,000	RMB common shares	80,000,000
Zhou Xiayun	78,848,640	RMB common shares	78,848,640
Li Yongxin	72,696,561	RMB common shares	72,696,561
Zhou Hui	72,277,920	RMB common shares	72,277,920
Zhou Li	48,185,280	RMB common shares	48,185,280
Hong Kong Securities Clearing Company Ltd.	46,759,862	RMB common shares	46,759,862

China Citic Bank Co. Ltd.- Bank of Communications Schroeder New Vitality Flexible Allocation of Hybrid Securities Investment Fund	23,812,965	RMB common shares	23,812,965
National Social Security Fund Combination 102	20,799,654	RMB common shares	20,799,654
Agricultural Bank of China Ltd.- Bank of Communications Schroeder Growth Hybrid Securities Investment Fund	13,123,569	RMB common shares	13,123,569
China Construction Bank Ltd.- Bank of Communications Schroeder Blue Chip Hybrid Securities Investment Fund	10,941,232	RMB common shares	10,941,232
Explanation on associated relationship and concerted actions among top ten common shareholders without sales restrictions, and among top ten shareholders and top ten common shareholders without sales restrictions	The controlling shareholders and the actual controllers of the Company Lu Zhongfang and Li Yongxin are mother and son. Lu Zhongfang, Li Yongxin and Beijing Offcn Future Information Consulting Center (Limited Partnership) are acting in concert. Zhou Xiayun and Zhou Hui are father and son. Zhou Xiayun and Zhouli are father and daughter. The Company does not know whether the other shareholders are related parties or whether they are acting-in-concert parties as defined in the Measures for Management of the Disclosure of the Shareholding Changes of Shareholders of the listed Company.		
Explanation on the top 10 common shareholders' participation in margin financing	N/A		

Did any of the top 10 common shareholders or the top 10 non-restricted common shareholders of the Company conduct any promissory repurchase during the reporting period?

Yes No

The Company's top 10 common shareholders and/or top 10 non-restricted common shareholders did not conduct any promissory repurchase during the reporting period.

2. Particulars about the controlling shareholders

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	Mr. Li Yongxin is the current Chairman of the Board of the Company.	
Particulars about controlling or holding shares of other companies listed at home and/or abroad in the reporting period	N/A	

Change of controlling shareholder during the reporting period:

Applicable Not applicable

Name of new controlling shareholder	Lu Zhongfang, Li Yongxin
Updated date	January 31, 2019
Designated website link for index check	CNINFO (http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900021221&stockCode=002607&announcementId=1205806723&announcementTime=2019-01-29)
Designated disclosure date on website	January 29, 2019

3. Particulars about the actual controllers of the Company and their parties acting in concert

Nature of the actual controllers: domestic natural person

Type of the 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

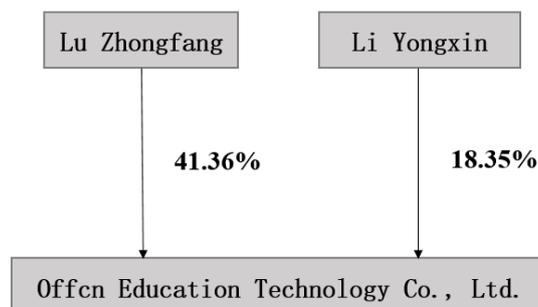
Beijing Offcn Future Information Consulting Center (Limited Partnership)	Acting in concert (including agreement, relatives, or under common control)	China	No
Major occupations and jobs	Mr. Li Yongxin is the current Chairman of the Board of the Company.		
Particulars about the domestic and/or foreign-listed companies with shares held by the actual controller in the past 10 years	N/A		

Change of actual controller during the reporting period:

Applicable Not applicable

Name of new actual controller	Lu Zhongfang, Li Yongxin
Updated date	January 31, 2019
Designated website link for index check	CNINFO (http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900021221&stockCode=002607&announcementId=1205806723&announcementTime=2019-01-29)
Designated disclosure date on website	January 29, 2019

The ownership and controlling relationship between the actual controllers of the Company and the Company itself are detailed as follows:



The actual controller controlled the Company by trust or other asset management methods:

Applicable Not applicable

4. Other institutional shareholders owning over 10% of shares

Applicable Not applicable

5. Particulars about restrictions on shareholding reduction of controlling shareholders, actual controllers, restructuring parties, and other commitment subjects

Applicable Not applicable

Chapter VII. Information about Preferred Shares

Applicable Not applicable

There are no preferred shares of the Company during the reporting period

Chapter VIII. Convertible Corporate Bonds

Applicable Not applicable

There are no convertible corporate bonds during the reporting period

Chapter IX. Information about Directors, Supervisors, Senior Management and Employees

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

Name	Position	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)	Quantity of shares held at the end of the period (share)
Li Yongxin	Chairman of the Board	Current	M	44	February 1, 2019	January 31, 2022	0	1,131,415,121	0	1,131,415,121
Wang Zhendong	Director, general manager	Current	M	44	February 1, 2019	January 31, 2022	0	962,471,418	0	962,471,418
Shi Lei	Director	Current	M	44	February 1, 2019	January 31, 2022	0	0	0	0
Yi Ziting	Director	Current	F	46	February 1, 2019	January 31, 2022	0	0	0	0
Wang Qiang	Independent director	Current	M	43	February 1, 2019	January 31, 2022	0	0	0	0
Tong Yan	Independent director	Current	F	43	February 1, 2019	January 31, 2022	0	0	0	0
Zhang Xuanming	Independent director	Current	M	42	February 1, 2019	January 31, 2022	0	0	0	0
Yu Hongwei	Chairman of the Supervisory Committee	Current	F	54	July 22, 2019	January 31, 2022	0	0	0	0
He Di	Supervisor	Current	M	43	February 1, 2019	January 31, 2022	0	0	0	0

Li Wen	Supervisor	Current	F	41	February 1, 2019	January 31, 2022	0	0	0	0
Wang Xuejun	Deputy general manager	Current	M	57	February 1, 2019	January 31, 2022	0	0	0	0
He Youli	Deputy general manager	Current	M	45	February 1, 2019	January 31, 2022	0	0	0	0
Luo Xue	Chief Financial Officer	Current	M	52	February 1, 2019	January 31, 2022	0	0	0	0
Gui Hongzhi	Secretary of the Board, deputy general manager	Current	M	49	February 1, 2019	January 31, 2022	0	0	0	0
Zhou Xiayun	Chairman of the Board	Resigned	M	66	November 30, 2006	February 1, 2019	78,848,640	0	0	78,848,640
Zhou Hui	Director, general manager	Resigned	M	42	November 30, 2006	February 1, 2019	72,277,920	0	0	72,277,920
Xiao Meirong	Director, deputy general manager	Resigned	F	58	November 30, 2006	February 1, 2019	1,076,400	0	75,001	1,001,399
Xu Xiaohua	Director	Resigned	M	72	November 30, 2006	February 1, 2019	219,024	0	0	219,024
Yang Qingmei	Director	Resigned	F	56	November 30, 2006	February 1, 2019	0	0	0	0
Li Lisheng	Director	Resigned	M	41	July 10, 2015	February 1, 2019	0	0	0	0
Zhao Dingtao	Independent director	Resigned	M	65	December 16, 2012	February 1, 2019	0	0	0	0
Zhou Youmei	Independent director	Resigned	M	60	December 16, 2012	February 1, 2019	0	0	0	0

Wang Li	Independent director	Resigned	F	54	May 15, 2015	February 1, 2019	0	0	0	0
Zha Weidong	Chairman of the Supervisory Committee	Resigned	M	60	January 12, 2016	February 1, 2019	0	0	0	0
Cao Yinghong	Supervisor	Resigned	M	41	November 30, 2006	February 1, 2019	473,639	0	275,839	197,800
Liu Feilin	Supervisor	Resigned	F	49	December 8, 2012	February 1, 2019	0	0	0	0
Zhou Halei	Secretary of the Board, deputy general manager	Resigned	M	34	February 2, 2018	February 1, 2019	0	0	0	0
Wang Zhoubo	Chief Financial Officer	Resigned	M	35	September 1, 2017	February 1, 2019	0	0	0	0
Guo Shihong	Chairman of the Supervisory Committee	Resigned	M	45	February 1, 2019	July 22, 2019	0	48,123,570	0	48,123,570
Zhang Yongsheng	Deputy general manager	Resigned	M	45	February 1, 2019	July 4, 2019	0	48,123,570	0	48,123,570
Total	--	--	--	--	--	--	152,895,623	2,190,133,679	350,840	2,342,678,462

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

√ Applicable □ Not applicable

Name	Position	Type	Date	Reason
Zhou Xiayun	Chairman of the Board	Resigned at the end of tenure	February 1, 2019	Due to the Company's major assets restructuring and the re-election of the board of directors, Mr. Zhou Xiayun ceased to serve as the chairman of the Company since February 1, 2019. Thereafter, Mr. Zhou Xiayun no longer held any position in the Company.
Zhou Hui	Director, general manager	Resigned at the end of tenure	February 1, 2019	Due to the Company's major assets restructuring and the re-election of the board of directors, Mr. Zhou Hui ceased to serve as the director and general manager of the Company since February 1, 2019. Thereafter, Mr. Zhou Hui no longer held any positions in the Company.
Xiao Meirong	Director, deputy general manager	Resigned at the end of tenure	February 1, 2019	Due to the Company's major assets restructuring and the re-election of the board of directors, Ms. Xiao Meirong ceased to serve as the director and deputy general manager of the Company since February 1, 2019. Thereafter, Ms. Xiao Meirong no longer held any positions in the Company.
Xu Xiaohua	Director	Resigned at the end of tenure	February 1, 2019	Due to the Company's major assets restructuring and the re-election of the board of directors, Mr. Xu Xiaohua ceased to serve as the director of the Company since February 1, 2019. Thereafter, Mr. Xu Xiaohua no longer held any positions in the Company.
Yang Qingmei	Director	Resigned at the end of tenure	February 1, 2019	Due to the Company's major assets restructuring and the re-election of the board of directors, Ms. Yang Qingmei ceased to serve as the director of the Company since February 1, 2019. Thereafter, Ms. Yang Qingmei no longer held any positions in the Company.
Li Lisheng	Director	Resigned at the end of tenure	February 1, 2019	Due to the Company's major assets restructuring and the re-election of the board of directors, Mr. Li Lisheng ceased to serve as the director of the Company since February 1, 2019. Thereafter, Mr. Li Lisheng no longer held any positions in the Company.

Zhao Dingtao	Independent director	Resigned at the end of tenure	February 1, 2019	Due to the Company's major assets restructuring and the re-election of the board of directors, Mr. Zhao Dingtao ceased to serve as the independent director of the Company since February 1, 2019. Thereafter, Mr. Zhao Dingtao no longer held any positions in the Company.
Zhou Youmei	Independent director	Resigned at the end of tenure	February 1, 2019	Due to the Company's major assets restructuring and the re-election of the board of directors, Mr. Zhou Youmei ceased to serve as the independent director of the Company since February 1, 2019. Thereafter, Mr. Zhou Youmei no longer held any positions in the Company.
Wang Li	Independent director	Resigned at the end of tenure	February 1, 2019	Due to the Company's major assets restructuring and the re-election of the board of directors, Ms. Wang Li ceased to serve as the independent director of the Company since February 1, 2019. Thereafter, Ms. Wang Li no longer held any positions in the Company.
Zha Weidong	Chairman of the Supervisory Committee	Resigned at the end of tenure	February 1, 2019	Due to the Company's major assets restructuring and the re-election of the Supervisory Committee, Mr. Zha Weidong ceased to serve as the chairman of the Supervisory Committee of the Company since February 1, 2019. Thereafter, Mr. Zha Weidong no longer held any positions in the Company.
Cao Yinghong	Supervisor	Resigned at the end of tenure	February 1, 2019	Due to the Company's major assets restructuring and the re-election of the Supervisory Committee, Mr. Cao Yinghong ceased to serve as supervisor of the Company since February 1, 2019. Thereafter, Mr. Cao Yinghong no longer held any positions in the Company.
Liu Feilin	Supervisor	Resigned at the end of tenure	February 1, 2019	Due to the Company's major assets restructuring and the re-election of the Supervisory Committee, Ms. Liu Feilin ceased to serve as supervisor of the Company since February 1, 2019. Thereafter, Ms. Liu Feilin no longer held any positions in the Company.
Zhou Halei	Secretary of the Board, deputy general manager	Resigned at the end of tenure	February 1, 2019	Due to the Company's major assets restructuring, Mr. Zhou Halei ceased to serve as the Secretary of the Board and Deputy General Manager of the Company since February 1, 2019. Thereafter, Mr. Zhou Halei no longer held any positions in the Company.

Wang Zhoubo	Chief Financial Officer	Resigned at the end of tenure	February 1, 2019	Due to the Company's major assets restructuring, Mr. Wang Zhoubo ceased to serve as the chief financial officer of the Company since February 1, 2019. Thereafter, Mr. Wang Zhoubo no longer held any positions in the Company.
Guo Shihong	Chairman of the Supervisory Committee	Resigned	July 22, 2019	Due to job changes, Mr. Guo Shihong ceased to serve as supervisor and the chairman of the Supervisory Committee of the Company. Thereafter, Mr. Guo Shihong no longer held any positions in the Company.
Zhang Yongsheng	Deputy general manager	Resigned	July 4, 2019	Due to job changes, Mr. Zhang Yongsheng ceased to serve as the Deputy General Manager of the Company. After resignation Mr. Zhang Yongsheng no longer held any positions in the Company.

Section III. Resumes of Key Personnel

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

1. 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 as his graduation, and started to focus the business on civil servant test training in the year of 2000. From then till today, the Company has nearly 20 years of experiences in research, teaching and business management in the field of vocational training and education. From 2005 to 2010, he served as the general manager of Beijing Offcn Online Education Technology Co., Ltd. From 2010 to 2015, he was the president of Beijing Offcn Future Education Consultancy Co., Ltd. From November 2015 to December 2018, he served as the Chairman of Board of Beijing Offcn Education Technology Stock Co., Ltd. From December 2018 to present, he has served as the Chairman of Board of Beijing Offcn Education Technology Co., Ltd. From February 2019 to present, he has served as the Chairman of Board of Offcn Education Technology Co., Ltd.

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

December 2018, he was the executive director and general manager of Beijing Offcn Education Technology Stock Co., Ltd. From December 2018 to present, he has served as the director and general manager of Beijing Offcn Education Technology Co., Ltd. From February 2019 to present, he has served as the director and general manager of Offcn Education Technology Co., Ltd.

Mr. Shi Lei, born in 1976, is a Chinese citizen and has no permanent residency abroad. He started his career in education industry in the year of 1999. From 2005 to 2010, he was in charge of marketing operations and management of Beijing Offcn Online Education Technology Co., Ltd. From 2010 to November 2015, he was the vice president of Beijing Offcn Future Education Consultancy Co., Ltd. From November 2015 to December 2018, he served as a director, the Chief Financial Officer and secretary of the Board of Beijing Offcn Education Technology Stock Co., Ltd. From December 2018 to present, he has served as a director of Beijing Offcn Education Technology Co., Ltd. From February 2019 to present, he has served as a director of Offcn Education Technology Co., Ltd.

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

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

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

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

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

2. Supervisors

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

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

Ms. Li Wen, born in 1979, is a Chinese citizen and has no permanent residency abroad. She owns a master's degree and is qualified as a Chinese lawyer. She started her journey in education industry in the year of 2007. From 2007 to 2010, she worked as a teacher and R&D staff in Beijing Offcn Online Education Technology Co., Ltd. Starting from 2010, she firstly served as a teacher, then the dean's assistant and successively the dean of Interview Training Department. From November 2015 to December 2018, she served as the supervisor representing employees of Beijing Offcn Education Technology Co., Ltd. From December 2018 to present, she has served as a supervisor of Beijing Offcn Education Technology Co., Ltd.

From February 2019 to present, she has served as a supervisor of Offcn Education Technology Co., Ltd.

3. Senior Executives

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

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

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

Mr. Luo Xue, born in 1968, is a Chinese citizen and has no permanent residency abroad. He owns a bachelor's degree and is a certified public accountant, a registered asset appraiser and an intermediate accountant. From July 1991 to September 2000, he worked at the Zhongyuan Oil Field, 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 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 shareholder's entity	Position in shareholders' entity	Start date	End date	Whether received any remuneration from shareholder's entity
Wang Zhendong	Beijing Offcn Future Information Consulting Center (Limited Partnership)	Executive Partner	April 10, 2018	—	N/A
Particulars about positions held in shareholders' entities	N/A				

Positions held in other entities:

Applicable Not applicable

Name	Name of the entity	Positions held in the entity	Start date	End date	Whether received any remuneration from the entity
Li Yongxin	Kunming Wuhua Offcn Training School	Director	January 18, 2015	—	N/A
Li Yongxin	Beijing Offcn Future Group Co., Ltd.	Supervisor	June 13, 2019	—	N/A
Shi Lei	Hainan Huiyou Film&TV Technology Co., Ltd.	Director	March 10, 2017	—	N/A
Wang Zhendong	Beijing Xindezhiyuan Enterprise Management Consultancy Co., Ltd.	Supervisor	August. 6, 2014	—	N/A

Wang Zhendong	Beijing Offcn Xinzhiyu Network Technology Co., Ltd.	Supervisor	May 8, 2012	—	N/A
Tong Yan	Beijing Institute of Technology	Professor	July 1, 2016	—	Yes
Tong Yan	Hebei Jinniu Chemical Industry Co., Ltd	Independent director	May 13, 2019	—	Yes
Tong Yan	Beijing Interactive Network Technology Co., Ltd.	Independent Director	October. 21, 2019	—	Yes
Tong Yan	China Fund Management Co., Ltd.	Independent Director	December 27, 2019	—	Yes
Tong Yan	Financial Street Property Management Co., Ltd.	Independent Director	December 13, 2019	—	Yes
He Di	Tianjin Hexi District Offcn Training School Co., Ltd.	Director	July 15, 2019	—	N/A
He Di	Yuxi Offcn Training School Co., Ltd.	Director	December 24, 2018	—	N/A
Zhang Xuanming	Tongling Friendship Real Estate Co., Ltd.	Supervisor	July 1, 2013	—	N/A
Zhang Xuanming	Hebei Xinmiao Tourism Development Co., Ltd.	Supervisor	October 28, 2015	—	N/A
Zhang Xuanming	Beijing Meixin Law Firm	Director	April 15, 2017	—	Yes
Zhang Xuanming	Beijing Jinyonghao Trading Co., Ltd.	Executive director	January 3, 2020	—	Yes
Particulars about positions held in the entity	N/A				

Particulars about punishments made by securities regulators in past three years on the Company's current directors, supervisors, and senior executives and those who resigned during the reporting period:

□ Applicable √ Not applicable

Section IV. Remuneration for Directors, Supervisors and Senior Executives

Decision-making procedures, determination basis and actual payment of remuneration of directors, supervisors and senior executives

In order to further improve the remuneration management system for the Company's directors, supervisors, and senior executives, establish an incentive and restraint mechanism compatible with the modern enterprise system, match responsibilities with rights, and fully mobilize the enthusiasm of the Company's directors, supervisors, and senior executives, the Company formulated *the Regulations for Remuneration Management System of Directors, Supervisors, and Senior Executives*, which was examined and approved by the Company's 2018 General Meeting of Shareholders. According to the above-mentioned regulations, the Company pays allowances to independent directors each year. The amount of the allowances is subject to the review and approval of the Company's Shareholders' General Meeting. The allowances for independent directors are issued quarterly. The Company does not provide separate allowances for internal directors and 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

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	44	Current	1,863,737.48	N
Wang Zhendong	Director, General Manager	Male	44	Current	1,667,333.60	N
Shi Lei	Director	Male	44	Current	1,664,614.22	N
Yi Ziting	Director	Female	46	Current	1,192,495.39	N

Wang Qiang	Independent Director	Male	43	Current	110,000.00	N
Tong Yan	Independent Director	Female	43	Current	110,000.00	N
Zhang Xuanming	Independent Director	Male	42	Current	110,000.00	N
Yu Hongwei	Chairman of the Supervisory Committee	Female	54	Current	400,118.67	N
He Di	Supervisor	Male	43	Current	1,184,379.92	N
Li Wen	Supervisor	Female	41	Current	1,000,830.41	N
Wang Xuejun	Deputy General Manager	Male	57	Current	1,660,772.38	N
He Youli	Deputy General Manager	Male	45	Current	1,664,883.11	N
Luo Xue	Chief Financial Officer	Male	52	Current	988,718.84	N
Gui Hongzhi	Secretary of the Board, Deputy General Manager	Male	49	Current	993,905.66	N
Guo Shihong	Chairman of the Supervisory Committee	Male	45	Resigned	278,448.43	N
Zhang Yongsheng	Deputy General Manager	Male	45	Resigned	240,048.02	N
Total	--	--	--	--	15,130,286.14	--

Section V. Information about employees of the Company

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

Number of current employees of the parent company (person)	0
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Number of current employees of the major subsidiaries (person)	35,209
Total number of current employees (person)	35,209
Total number of employees receiving remuneration from the Company during the reporting period (person)	35,209
Role type	
Category	Number (person)
Management personnel	4,179
Marketing personnel	2,051
R&D personnel	13,475
Teachers	4,172
Customer service personnel	11,332
Total	35,209
Educational background	
Category	Number (person)
Master's degree and above	6,180
Bachelor's degree	24,250
Associate's degree	4,730
Technical secondary school and below	49
Total	35,209

2. Remuneration policy

During the reporting period, the Company further improves the target management and performance appraisal system of human resources. Based on the post value, salary difference is scientifically set to upgrade the performance of employees. The Company regularly and comprehensively evaluated employees' working skills, values and their recognition of corporate culture by an evaluation method based

on quantitative indicators of performance and qualitative standards to ensure that both the work results and growth of employees were given attention to. The Company attracts and retains its core talents through a diversified performance-oriented incentive mechanism, so that the core personnel can be more closely aligned with the interests of the Company and its shareholders in order to drive the company's long-term operating performance to continuously grow.

3. Training plan

During the reporting period, the Company comprehensively upgraded employee training system. With diversified “online+offline” learning methods, training content and modes are constantly innovated so that continuous flow of knowledge and diversified learning options can be provided for employees’ career development, during which enhancing the ability of building management teams and improving the training system for new employees are focused on.

In terms of training organizing, the Company organized and mobilized human resources department both at the headquarters and subsidiaries as well as management personnel to ensure the normal operation of employee training. To be more specific, human resources department at the headquarters serves to “plan, research and coordinate” the Company’s overall training program, focusing on mobilizing training resources, establishing training platforms and designing and carrying-out key talent training projects. Human resources departments in subsidiaries are training needs discoverers, solution providers and training activity organizers, focusing on daily training operations and management for each business unit. Management personnel are responsible for ability-building of employees and have to include the training of subordinates and cultivating talents for the Company into their work tasks.

In addition, to meet different development needs of the employees, the Company actively implemented a number of training programs such as “Luming Training”, “Backbone Training”, “Management Training” and so on. These training programs are facing all personnel during their whole career life from different aspects and guide them to find clear development directions and to acquire growth space.

4. Labor outsourcing

Applicable Not applicable

Chapter X. Corporate Governance

Section I. Basic summary of corporate governance of the Company

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

1. Shareholders and the Shareholders' General Meeting

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

2. The relationship between the Company and the controlling shareholders

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

3. Directors and the Board of Directors

The Company elected candidates for the Board of Directors in strict accordance with *Company Law*, *Articles of Corporation*, and *Regulated Opinions on Shareholders General Meetings of Listed Companies*. The number of directors and composition of the Board of Directors met the requirements of laws and

regulations. The Board of Directors of the Company convened Board sessions in strict accordance with the relevant provisions of Articles of Corporation, Working System for Independent Directors, Rules of Procedure for the Board of Directors and Guidelines of the Shenzhen Stock Exchange for the Directors' Behavior of Companies Listed on the SME Board. 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 Supervisor Committee

The Company elected candidates for the Board of Supervisors in strict accordance with *Company Law*, *Articles of Corporation*, and *Regulated Opinions on Shareholders General Meetings of Listed Companies*. The number of supervisors and composition of the Board of Supervisors met the requirements of laws and regulations. The Board of Supervisors of the Company convened the Board sessions in strict accordance with the relevant provisions of *Articles of Corporation*, *Rules of Procedure for the Board of Supervisors*, and other related regulations. All supervisors of the Company attended the Board sessions on time, fulfilled their duties scrupulously, provided supervision and opinions for major issues, related-party transactions, financial status, etc., and safeguarded legitimate rights and interests of the Company and shareholders.

5. Relevant stakeholders

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

6. Information disclosure and transparency

In strict accordance with the requirements of *Information Disclosure Management System* and *Investor Relations Management System*, the Company designated the Secretary of the Board of Directors to be responsible for information disclosure and receiving shareholders' visits and consultations and to disclose the relevant information in a true, accurate, complete, timely and fair manner according to the 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 designated the Secretary of the Board of Directors as the head of investor relations management to organize and implement the daily management of investor relations, promptly answer investors' questions through phone calls, emails, interactive platform and online briefings of business performance, and timely release *Record of Investor Relations Activities* after carrying out a survey of investors, which ensured that all the investors have equal access to the Company's information and fully guaranteed investors' rights to know.

In terms of the Company's actual governance status, is there any significant non-compliance with the regulatory documents on governance of listed companies issued by CSRC:

Yes No

In terms of the Company's actual governance status, there is no significant non-compliance with the regulatory documents on governance of listed companies issued by CSRC.

Section II. Company's independence in business, personnel, assets, institutions and finance from controlling shareholders

The Company standardized its operation, established and improved corporate governance structure in strict accordance with *Company Law*, *Securities Law*, *Articles of Offcn Education Technology Co., Ltd.*, and other relevant laws and regulations. The Company is independent in businesses, personnel, assets, institutions and finance 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. Asset 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, with independent operation of General Meeting of Shareholders, Board of Directors, Board of Supervisors, management and all the functional departments, and 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	Proportion of participating investors	Convening date	Disclosure date	Disclosure index
2019 First Extraordinary General Meeting	Extraordinary General Meeting	37.35%	February 1, 2019	February 2, 2019	For details, refer to the <i>Announcement on Resolutions of the First Extraordinary General Meeting of 2019</i> (No. 2019-018) disclosed on www.cninfo.com.cn .

2018 Annual General Meeting	Annual General Meeting	78.49%	April 29, 2019	April 30, 2019	For details, refer to the <i>Announcement on Resolutions of the Annual General Meeting of 2018</i> (No. 2019-047) disclosed on www.cninfo.com.cn.
2019 Second Extraordinary General Meeting	Extraordinary General Meeting	77.79%	July 22, 2019	July 23, 2019	For details, refer to the <i>Announcement on Resolutions of the Second Extraordinary General Meeting of 2019</i> (No. 2019-056) disclosed on www.cninfo.com.cn.

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

Applicable Not applicable

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

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

Attendance of independent directors at board meetings and shareholder's general meetings							
Name of Independent director	Board meetings Presence required in the reporting period (times)	Board meetings presence in person (times)	Board meetings presence by way of telecommunication (times)	Board meetings presence by a proxy (times)	Board meetings absence (times)	Non-attendance in person for two consecutive times	Attendance at general meetings (times)
Wang Qiang	8	8	0	0	0	N	2
Tong Yan	8	1	7	0	0	N	0
Zhang Xuanming	8	0	8	0	0	N	0

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

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

Yes No

During the reporting period, no objections on relevant issues of the company from independent directors.

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

Were the suggestions from independent directors adopted by the Company?

Yes No

During the reporting period, the Company's independent directors were able to scrupulously exercise their rights and perform their duties as independent directors. They carefully reviewed the issues of the Board of Directors and proactively expressed opinions, which played a catalytic role in the normative operations and scientific decision-making of the Board of Directors. The independent directors of the Company, with rich professional experience, put forward many instructive and rational suggestions on the Company's development strategy and standardized operation. The independent directors of the Company provided cautious, objective and independent opinions on major issues required to be commented. For more details, please refer to the *2019 Independent Directors' Debriefing Report* published on www.cninfo.com on the same day as this *Annual Report*.

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

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

1. Audit Committee

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

2. Remuneration and Appraisal Committee

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

3. Strategy and Investment Committee

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

Strategy Committee of the Board of Directors, and other relevant regulations.

4. Nomination Committee

During the reporting period, the Nomination Committee of the Board of Directors conducted a careful review of the resumes and qualifications of the candidates for the new directors, senior executives and heads of internal audit institutions in accordance with *Company Law*, *Articles of Corporation*, and *Working Rules of the Nomination Committee of the Board of Directors*, and actually fulfilled the duties of the Nomination Committee.

Section VII. Performance of duties by the Supervisory Committee

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

Yes No

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

Section VIII. Assessment and incentive mechanism for senior executives

During the reporting period, the Remuneration and Appraisal Committee of the Company's Board of Directors conducted a comprehensive evaluation of the performance of senior executives. The Company's management team has fairly fulfilled the business planning for this year according to the strategic planning for long-term development. The Company's current evaluation and incentive mechanism which is in line with the current status of the Company and related laws, regulations and *Articles of Corporation* is operating well.

Section IX. Evaluation report on internal control

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

Yes No

2. Self-evaluation report on internal control

Disclosure date of full text of self-evaluation report on internal control	March 10, 2020
Disclosure index of full text of self-evaluation report on	www.cninfo.com.cn

internal control		
Proportion of assets evaluated in total assets	100.00%	
Proportion of revenue evaluated in total revenue	100.00%	
Recognition standard of deficiencies		
Category	Financial report	Non-financial report
Qualitative criteria	<p>Material Weakness: one deficiency, or a combination of deficiencies in internal control that may result in a significant deviation from the control objectives of the Company. Those with the following characteristics should be recognized as material weakness: ①Fraud of directors, supervisors and senior executives; ②Correction of misstatement in previously issued financial statements; ③Material misstatement in current financial statements not detected by the Company's internal control; ④Invalid supervision of internal control over financial reporting by the Company's Audit Committee and internal audit department.</p> <p>Significant Deficiency: one deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet may still result in a deviation from control objectives of the Company.</p> <p>Control Deficiency: Other internal control deficiencies that do not meet the standards of material weakness or significant deficiency.</p>	<p>Material Weakness: ①Severe violations of national laws and regulations in the Company's operation; ②Negative news frequently disclosed by the media and the negative impact has not been eliminated; ③Serious loss of middle and senior management personnel and senior technical personnel; ④Lack or ineffectiveness of policy for major business; ⑤No rectification of the material weaknesses or significant deficiencies of the Company's internal control.</p> <p>Significant Deficiency: one deficiency, or a combination of deficiencies in internal control that is less severe and has minor economic consequences than a material weakness, yet may still result in a deviation from control objectives of the Company.</p> <p>Control 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>Control Deficiency: Misstatements account for less than 2% (including 2%) of total profits.</p>	<p>Refer to the quantitative criteria for the evaluation of internal control deficiencies in financial reports.</p>

Number of material weaknesses in the financial report (number)	0
Number of material weaknesses in	0
Number of significant deficiencies in the financial report	0
Number of significant deficiencies in the non-financial report	0

Section X. Audit report or authentication report on internal control

Not applicable

Chapter XI. Corporate Bonds

Were there bonds publicly issued and listed on the stock exchange, either at or not at maturity, and are not fully paid on the approval report date of the annual report?

No.

Chapter XII. Financial Report

Section I. Auditor's Report

Audit Opinion	Unmodified unqualified audit opinion
Audit Report sign-off Date	March 9 th , 2020
Audit Institution Name	Baker Tilly China Certified Public Accountants
Audit Report Number	Baker Tilly China [2020] No. 6338
Certified Public Accounts Name	Zhou Baiming, Shen Xu

Auditor's Report

Baker Tilly China [2020] No. 6338

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

I. Opinion

We have audited the accompanying financial statements of Offcn Education Technology Co.,Ltd. (“the Company”), which comprise the consolidated and company's balance sheets as at December 31, 2019, and the consolidated and company's income statements, the consolidated and company's statement of cash flows and the consolidated and company's statements of changes in owners' equity for the year then ended, and the notes to the financial statements.

In our opinion, the financial statements of the Company present fairly, in all material respects, the consolidated and company's financial position as at December 31, 2019, and the consolidated and company's result of operations and cash flows for the year ended in accordance with the requirements of the Accounting Standards for Business Enterprises.

II. Basis of opinion

We conducted our audit in accordance with China Standards on Auditing (“CAS”). Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Company in accordance with China Code of Ethics for Certified Public Accountants (the “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.

Key Audit Matters	How our audit addressed the Key Audit Matter
<p>recognition of revenue</p> <p>Such as notes to financial statements "The Company's Significant Accounting Policies And Accounting Estimates" comments (28) and the "Notes To Important Items In Consolidated Financial Statements " comments (30). Education and training revenue accounted for 99.38% of the company's operating revenue in 2019.</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.

IV. Other Information

Management of the Company is responsible for the other information. The other information comprises all of the information included in 2019 annual report of the Company other than the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

- 1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. However, our purpose is not to express an opinion on the effectiveness of internal control.

3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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

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

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

	Chinese Certified Public	
	Accountant:	Zhou Baiming
Beijing, China	(Engagement partner)	_____
9 March,2020	Chinese Certified Public	
	Accountant:	Shen Xu

Section II. Financial Statement

The unit of statement in financial notes is : RMB

1. Consolidated Balance Sheet

Company: Offcn Education Technology Co., Ltd.

At December 31, 2019

Unit: RMB

ITEM	December 31, 2019	December 31, 2018
Current Assets:		
Cash and cash equivalents	2,724,335,001.58	648,711,545.32
Financial assets held for trading	1,754,396,227.54	
Accounts Receivable	2,721,638.09	6,804,330.67
Financing receivables		
Prepayments	2,461,009.00	1,482,923.00
Other receivables	255,013,296.96	80,712,327.58
Inc: Interest receivables	567,341.68	42,203,874.33
Dividends receivables		
△ Financial assets purchased under resale agreements		
Inventories		20,062.46
Contract assets		
Other current assets	97,336,600.16	2,332,281,314.29
Total current assets	4,836,263,773.33	3,070,012,503.32
Non-current assets:		
△ Loans and Advances		

Debt investments	1,923,598,909.09	
Available-for-sale financial assets		162,800,000.00
Investment in other equity instruments	162,800,000.00	
Other non-current financial assets	138,166,559.96	
Investment properties	688,475,053.53	773,542,368.65
Fixed assets	672,429,601.44	699,100,602.20
Construction in progress	653,580,160.32	91,371,160.15
Bearer biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	197,507,227.40	204,424,848.76
Development expenditure		
Goodwill	99,867,720.38	99,867,720.38
Long-term prepaid expenses	240,565,962.02	254,711,893.55
Deferred tax assets	21,482,832.13	10,080,515.37
Other non-current assets	325,967,628.34	1,836,159,908.85
Total Non-current Assets	5,124,441,654.61	4,132,059,017.91
Total Assets	9,960,705,427.94	7,202,071,521.23
Current liabilities:		
Short-term borrowings	2,867,000,000.00	1,607,000,000.00
Financial liabilities held for trading		
Accounts payable	236,481,990.86	144,564,705.50

Receipts in advance	2,634,276,203.88	1,920,139,853.63
Contract liabilities		
△ Funds received as agent of stock exchange		
Employee benefits payable	411,475,636.03	287,054,391.82
Taxes payable	184,306,027.84	145,802,041.37
Other payables	88,693,411.98	46,791,123.73
Inc: Interest payables	4,521,557.54	3,924,585.00
Dividends payables		
Held-for-sale liabilities		
Non-current Liabilities due within One Year		
Other current liabilities		
Total Current Liabilities	6,422,233,270.59	4,151,352,116.05
Non-current Liabilities:		
△ Deposits for insurance contracts		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred Income		
Deferred tax liabilities	106,932,273.03	96,767,500.18
Other non-current liabilities		
Total Non-current Liabilities	106,932,273.03	96,767,500.18

Total Liabilities	6,529,165,543.62	4,248,119,616.23
Owners' equity:		
Share capital	103,807,623.00	103,807,623.00
Other equity instrument		
Inc: preference share		
Perpetual bond		
Capital reserve	1,198,581,049.50	1,144,781,049.50
Less: Treasury stock		
Other comprehensive income	37,500,000.00	
Special reserve		
Surplus reserve	45,000,000.00	45,000,000.00
△ General risk reserve		
Retained earnings	2,046,657,231.32	1,660,363,232.50
Total Owners' Equity Attributable To the Company	3,431,545,903.82	2,953,951,905.00
Minority interests	-6,019.50	
Total Owners' Equity	3,431,539,884.32	2,953,951,905.00
Total Liabilities and Owners' Equity	9,960,705,427.94	7,202,071,521.23

2. Balance sheet of the company

Unit: RMB

ITEM	December 31, 2019	December 31, 2018
Current Assets:		
Cash and cash equivalents	6,931,803.33	5,304,519.61

Financial assets held for trading	101,681.64	
Accounts Receivable		
Other receivables	1,717,949,520.99	2,084,332,624.85
Inc: Interest receivables		
Dividends receivables	1,700,000,000.00	1,550,000,000.00
△ Financial assets purchased under resale agreements		
Inventories		
Contract assets		
Other current assets		1,222,565.30
Total current assets	1,724,983,005.96	2,090,859,709.76
Non-current assets:		
△ Loans And Advances		
Debt investments		
Available-for-sale financial assets		112,800,000.00
Long-term receivables		
Long-term equity investments	18,582,307,907.14	18,582,307,907.14
☆ Other equity instruments	162,800,000.00	
☆ Other non-current financial assets		
Investment properties	395,978,156.15	477,825,678.61
Fixed assets		
Construction in progress	72,569,103.57	
Bearer biological assets		

Oil and gas assets		
Right-of-use assets		
Intangible assets		
Development expenditure		
Goodwill		
Long-term prepaid expenses		
Deferred tax assets	10,804,928.62	
Other non-current assets		
Total Non-current Assets	19,224,460,095.48	19,172,933,585.75
Total Assets	20,949,443,101.44	21,263,793,295.51
Current liabilities:		
Short-term borrowings		216,000,000.00
Financial liabilities held for trading		
accounts payable	561,752.26	19,854,802.89
△ Amounts due to issuer for securities underwriting		
Employee benefits payable		
Taxes payable	791,191.77	4,001,488.81
Other payables	40,275,566.88	429,514,485.93
Inc: Interest payables		
Dividends payables		319,931,024.40
Held-for-sale liabilities		
Non-current liabilities due within one year		

Other current liabilities		
Total Current Liabilities	41,628,510.91	669,370,777.63
Non-current Liabilities:		
△ Deposits for insurance contracts		
Inc: preference share		
Perpetual bond		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred Income		
Deferred tax liabilities	12,500,420.41	
Other non-current liabilities		
Total Non-current Liabilities	12,500,420.41	
Total Liabilities	54,128,931.32	669,370,777.63
Owners' equity:		
Share capital	6,167,399,389.00	6,167,399,389.00
Other equity instrument		
Inc: preference share		
Perpetual bond		
Capital reserve	12,775,326,370.33	12,775,326,370.33
Less: Treasury stock		

Other comprehensive income	37,500,000.00	
Special reserve		
Surplus reserve	387,458,806.65	219,269,455.48
△ General risk reserve		
Retained earnings	1,527,629,604.14	1,432,427,303.07
Total Owners' Equity	20,895,314,170.12	20,594,422,517.88
Total Liabilities and Owners' Equity	20,949,443,101.44	21,263,793,295.51

3. Consolidated Income Statement

Unit: RMB

ITEM	Year of 2019	Year of 2018
I. Total Revenue	9,176,129,995.89	6,236,987,812.57
Revenue	9,176,129,995.89	6,236,987,812.57
II. Total operating costs	7,352,991,141.30	5,007,153,476.92
Cost of Revenue	3,812,594,386.55	2,552,352,693.08
Taxes and surcharges	56,691,639.24	27,289,959.15
Selling and marketing	1,482,984,426.78	1,101,836,301.54
General and administrative expenses	1,098,471,953.96	873,418,131.47
Research and development expenses	697,940,218.36	454,784,360.70
Financial expenses	204,308,516.41	-2,527,969.02
Inc:Interest expenses	107,847,460.74	12,907,274.76
Interest income	2,451,260.28	50,986,095.04
Add: Other income	6,749,281.81	141,421.28

Investment income (Losses are indicated by "-")	259,222,749.45	110,351,036.22
Gains from changes in fair values (Losses are indicated by "-")	1,712,787.50	
Impairment losses of creditability (Losses are indicated by "-")	-337,735.01	
Impairment losses of assets(Losses are indicated by "-")		-298,945.24
Profit on disposal of assets(Losses are indicated by "-")	182,904.69	-141.26
III. Operating profit (Loss is indicated by "-")	2,090,668,843.03	1,340,027,706.65
Add: Non-operating income	2,000.00	764,721.54
Less: Non-operating expenses	1,343,412.25	1,254,197.03
IV. Total profit (Total Loss is indicated by "-")	2,089,327,430.78	1,339,538,231.16
Less: Income tax expenses	284,784,762.27	186,650,814.94
V. Net profit (Net loss is indicated by "-")	1,804,542,668.51	1,152,887,416.22
Including: net (loss)/profit of the acquiree in a business combination involving enterprises under common control before the combination date		
1. Classified by continuing/discontinuing operation		
Net profit from continuing operations (Net loss is indicated by "-")	1,804,542,668.51	1,152,887,416.22
Net profit from discontinued operations (Net loss is indicated by "-")		
2. Classified by ownership		
Net profit attributable to owners of the Company (Net loss is indicated by "-")	1,804,548,688.01	1,152,887,416.22
Net profit attributable to minority interests (Net loss is indicated by "-")	-6,019.50	
VI. Other comprehensive income after tax	5,512,500.00	

Net other comprehensive income after tax attributable to controlling interest	5,512,500.00	
1. Other comprehensive income not reclassified into gains or losses	5,512,500.00	
Inc: Remeasured defined benefit plan net liabilities or net assets changes		
Under the equity method, the share of other comprehensive income not reclassified into gains or losses		
Changes in the fair value of other equity instruments	5,512,500.00	
Change in fair value of the enterprise's own credit risk		
2. Other comprehensive income classified into gains or losses		
VIII. Total comprehensive income	1,810,055,168.51	1,152,887,416.22
Total comprehensive income attributable to owners of the Company	1,810,061,188.01	1,152,887,416.22
Total comprehensive income attributable to minority interests	-6,019.50	
IX. Earnings per share		
Basic earnings per share	0.29	0.22
Diluted earnings per share	0.29	0.22

4. Income statement of the parent company

Unit: RMB

ITEM	Year 2019	Year 2018
I. Revenue	14,647,786.07	205,461,660.71
Cost of Revenue	11,332,163.09	139,958,382.80
Taxes and surcharges	18,508,529.76	4,346,220.25
Selling and marketing		5,650,041.50

General and administrative expenses	13,749,951.31	27,181,579.24
Research and development expenses		
Financial expenses	-3,966.85	12,543,351.10
Inc:Interest expenses		12,042,879.63
Interest income	8,912.83	107,822.69
Add: Other income		3,621,069.19
Investment income (Losses are indicated by "-")	1,700,030,534.61	1,825,577,073.13
Gains from changes in fair values (Losses are indicated by "-")	1,681.64	
Impairment losses of creditability (Losses are indicated by "-")		
Impairment losses of assets(Losses are indicated by "-")		-75,232,103.38
Profit on disposal of assets(Losses are indicated by "-")		21,518.64
II. Operating profit (Loss is indicated by "-")	1,671,093,325.01	1,769,769,643.40
Add: Non-operating income		4,686,362.69
Less: Non-operating expenses	4,321.51	11,715.94
III. Total profit (Total Loss is indicated by "-")	1,671,089,003.50	1,774,444,290.15
Less: Income tax expenses	-10,804,508.21	-2,951,070.11
IV. Net profit (Net loss is indicated by "-")	1,681,893,511.71	1,777,395,360.26
Net profit from continuing operations (Net loss is indicated by "-")	1,681,893,511.71	1,540,100,000.00
Net profit from discontinued operations (Net loss is indicated by "-")		237,295,360.26
V. Other comprehensive income after tax	5,512,500.00	
1. Other comprehensive income not reclassified into gains or losses	5,512,500.00	
Inc: Remeasured defined benefit plan net liabilities or net assets changes		

Under the equity method, the share of other comprehensive income not reclassified into gains or losses		
Changes in the fair value of other equity instruments	5,512,500.00	
Change in fair value of the enterprise's own credit risk		
2. Other comprehensive income classified into profits or losses		
Others		
VI. Total comprehensive income	1,687,406,011.71	1,777,395,360.26
VII. Earnings per share		
Basic earnings per share		
Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB

ITEM	Year of 2019	Year of 2018
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	10,149,942,938.70	6,653,846,413.59
Cash received relating to other operating activities	43,247,155.21	11,654,127.08
Sub-total of cash inflows from operating activities	10,193,190,093.91	6,665,500,540.67
Cash payments for goods purchased and services received	1,743,460,556.18	1,173,888,215.41
Cash paid to and for employees	4,169,211,234.25	2,955,085,643.76
Cash paid for all types of taxes	594,214,853.17	398,377,146.31
Cash paid relating to other operating activities	1,212,317,365.12	730,203,158.26
Sub-total of cash outflows from operating activities	7,719,204,008.72	5,257,554,163.74

Net cash flow from operating activities	2,473,986,085.19	1,407,946,376.93
II. Cash flows from investing activities:		
Cash receipts from disposals and recovery of investments	27,446,550,000.00	15,194,100,000.00
Cash receipts from investment income	197,260,373.01	107,926,458.77
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		70,050.40
Net cash receipts from disposals of subsidiaries and other business units		
Cash received relating to other investing activities		
Sub-total of cash inflows from investing activities	27,643,810,373.01	15,302,096,509.17
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	719,887,283.47	263,063,939.34
Cash paid for investment	27,055,030,000.00	17,135,960,000.00
△ Net increase in pledged loans receivables		
Net cash payments for acquisitions of subsidiaries and other business units		259,969,921.72
Cash paid relating to other investing activities		3,322,708.32
Sub-total of cash outflows from investing activities	27,774,917,283.47	17,662,316,569.38
Net cash flow from investing activities	-131,106,910.46	-2,360,220,060.21
III. Cash flows from financing activities:		
Cash received from investors		
Including: cash receipts from capital contributions from minority owners of subsidiaries		
Cash from borrowings	3,343,698,800.00	1,607,000,000.00
Other cash received relating to other financing activities		

Sub-total of cash inflows from financing activities	3,343,698,800.00	1,607,000,000.00
Cash repayments of borrowings	2,083,698,800.00	100,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses	1,525,752,347.67	9,061,231.25
Including: payments for distribution of dividends or profits to minority owners of subsidiaries		
Cash paid relating to other financing activities	1,503,370.80	86,000,000.00
Sub-total of cash outflows from financing activities	3,610,954,518.47	195,061,231.25
Net cash flow from financing activities	-267,255,718.47	1,411,938,768.75
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	2,075,623,456.26	459,665,085.47
Add: Initial cash and cash equivalents balance	648,711,545.32	189,046,459.85
VI. The final cash and cash equivalents balance	2,724,335,001.58	648,711,545.32

6. Cash Flow Statements of the parent company

Unit: RMB

ITEM	Year 2019	Year 2018
I. Cash flows from operating activities:		
Cash receipts from the sale of goods and the rendering of services		230,877,112.11
Refund of tax and fee received		
Cash received related to other operating activities	554,084,857.75	3,590,435.61
Sub-total of cash inflows from operating activities	554,084,857.75	234,467,547.72
Cash payments for goods purchased and services received		353,787,362.36
Cash paid to and for employees	21,732.78	5,011,990.92

Cash paid for all types of taxes	20,871,407.10	3,512,900.43
Cash paid relating to other operating activities	92,852,186.19	141,626,562.55
Sub-total of cash outflows from operating activities	113,745,326.07	503,938,816.26
Net Cash Flow from Operating Activities	440,339,531.68	-269,471,268.54
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	23,960,000.00	215,425,230.09
Cash receipts from investment income	1,550,030,534.61	141,488,000.00
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		340,355.00
Net cash receipts from disposals of subsidiaries and other business units		
Cash received relating to other investing activities		
Sub-total of cash inflows from investing activities	1,573,990,534.61	357,253,585.09
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	32,330,744.18	19,021,755.09
Cash payments to acquire investments	24,060,000.00	13,000,000.00
Sub-total of cash outflows from investing activities	56,390,744.18	32,021,755.09
Net Cash Flow from Investing Activities	1,517,599,790.43	325,231,830.00
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions		
Including: cash receipts from capital contributions from minority owners of subsidiaries		
Cash receipts from borrowings		216,000,000.00
Cash received relating to other financing activities		21,929,348.08

Sub-total of cash inflows from financing activities		237,929,348.08
Cash repayments of borrowings	216,000,000.00	404,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses	1,738,432,883.87	22,317,018.18
Including: payments for distribution of dividends or profits to minority owners of subsidiaries		
Cash paid relating to other financing activities	1,503,370.80	
Sub-total of cash outflows from financing activities	1,955,936,254.67	426,317,018.18
Net Cash Flow from Financing Activities	-1,955,936,254.67	-188,387,670.10
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		
V.Net Increase in Cash and Cash Equivalents	2,003,067.44	-132,627,108.64
Add: Opening balance of cash and cash equivalents	4,928,735.89	137,555,844.53
VI. Closing Balance of Cash and Cash Equivalents	6,931,803.33	4,928,735.89

7. Consolidated Statement of Changes in Owners' Equity

Year of 2019

Unit: RMB

ITEM	Year of 2019														
	Attributable to owners of the Company													Minority interests	Total owners' equity
	Paid-in capital/ Share capital	Other equity instrument			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others	Subtotal		
	Preferred shares	Perpetual bonds	Other												
I. Closing balance of the preceding year	103,807,623.00				1,144,781,049.50			45,000,000.00			1,660,363,232.50		2,953,951,905.00		2,953,951,905.00
Add: Changes in accounting policies							31,987,500.00				247,170.28		32,234,670.28		32,234,670.28
Corrections of prior period errors															
Business combination under common control															
Others															
II. Opening balance of the current year	103,807,623.00				1,144,781,049.50		31,987,500.00	45,000,000.00			1,660,610,402.78		2,986,186,575.28		2,986,186,575.28
III. Changes for the year (Decrease is indicated by "-")					53,800,000.00		5,512,500.00				386,046,828.54		445,359,328.54	-6,019.50	445,353,309.04
(I) Total comprehensive income							5,512,500.00				1,804,548,688.01		1,810,061,188.01	-6,019.50	1,810,055,168.51
(II) Owner's contributions and reduction of capital					53,800,000.00								53,800,000.00		53,800,000.00
1. Capital contribution from owners															
2. Other equity instrument owner's invested capital															
3. Share-based payment recognised in owners' equity					53,800,000.00								53,800,000.00		53,800,000.00
4. Others															
(III) Profit distribution											-1,418,501,859.47		-1,418,501,859.47		-1,418,501,859.47
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk reserve															
3. Distribution to owners											-1,418,501,859.47		-1,418,501,859.47		-1,418,501,859.47
4. Others															
(IV) Transfers within owners' equity															
(V). Extraction and use of special reserve															
1. Recognised special reserve															
2. Use of special reserve															
(VI) Others															
IV. Closing balance of the current year	103,807,623.00				1,198,581,049.50		37,500,000.00	45,000,000.00			2,046,657,231.32		3,431,545,903.82	-6,019.50	3,431,539,884.32

Year of 2018

Unit: RMB

ITEM	Year of 2018														Minority interests	Total owners' equity
	Attributable to owners of the Company															
	Paid-in capital/ Share capital	Other equity instrument			Capital reserves	Less: Treasury shares	Other comprehensiv e income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others	Subtotal			
Preferred shares		Perpetual bonds	Other													
I. Closing balance of the preceding year	90,000,000.00				357,838,233.56				45,000,000.00		507,475,816.28		1,000,314,049.84		1,000,314,049.84	
Add: Changes in accounting policies																
Corrections of prior period errors																
Business combination under common control																
Others																
II. Opening balance of the current year	90,000,000.00				357,838,233.56				45,000,000.00		507,475,816.28		1,000,314,049.84		1,000,314,049.84	
III. Changes for the year (Decrease is indicated by "-")	13,807,623.00				786,942,815.94						1,152,887,416.22		1,953,637,855.16		1,953,637,855.16	
(I) Total comprehensive income											1,152,887,416.22		1,152,887,416.22		1,152,887,416.22	
(II) Owner's contributions and reduction of capital	13,807,623.00				786,942,815.94								800,750,438.94		800,750,438.94	
1. Capital contribution from owners	13,807,623.00				733,142,815.94								746,950,438.94		746,950,438.94	
2. Other equity instrument owner's invested capital																
3. Share-based payment recognised in owners' equity					53,800,000.00								53,800,000.00		53,800,000.00	
4. Others																
(III) Profit distribution																
1. Withdrawal of surplus reserves																
2. Withdrawal of general risk reserve																
3. Distribution to owners																
4. Others																
(IV) Transfers within owners' equity																
(V). Extraction and use of special reserve																
1. Recognised special reserve																
2. Use of special reserve																
(VI) Others																
IV. Closing balance of the current year	103,807,623.00				1,144,781,049.50				45,000,000.00		1,660,363,232.50		2,953,951,905.00		2,953,951,905.00	

8. Statement of Changes in Owners' Equity

Year of 2019

Unit: RMB

ITEM	Year of 2019											
	Paid-in capital/ Share capital	Other equity instrument			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
I. Closing balance of the preceding year	6,167,399,389.00				12,775,326,370.33				219,269,455.48		1,432,427,303.07	20,594,422,517.88
Add: Changes in accounting policies						31,987,500.00						31,987,500.00
Corrections of prior period errors												
Others												
II. Opening balance of the current year	6,167,399,389.00				12,775,326,370.33	31,987,500.00			219,269,455.48		1,432,427,303.07	20,626,410,017.88
III. Changes for the year (Decrease is indicated by "-")						5,512,500.00			168,189,351.17		95,202,301.07	268,904,152.24
(I) Total comprehensive income						5,512,500.00					1,681,893,511.71	1,687,406,011.71
(II) Owner's contributions and reduction of capital												
1. Capital contribution from owners												
2. Other equity instrument owner's invested capital												
3. Share-based payment recognised in owners' equity												
4. Others												
(III) Profit distribution									168,189,351.17		-1,586,691,210.64	-1,418,501,859.47
1. Transfer of surplus reserves									168,189,351.17		-168,189,351.17	
2. Transfer of general risk reserve												
3. Distribution to owners											-1,418,501,859.47	-1,418,501,859.47
4. Others												
(VI) Others												
IV. Closing balance of the current year	6,167,399,389.00				12,775,326,370.33	37,500,000.00			387,458,806.65		1,527,629,604.14	20,895,314,170.12

Year of 2018

Unit: RMB

ITEM	Year of 2018											
	Paid-in capital/ Share capital	Other equity instrument			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
I. Closing balance of the preceding year	820,335,960.00				723,492,399.33				41,529,919.45		169,109,222.44	1,754,467,501.22
Add: Changes in accounting policies												
Corrections of prior period errors												
Others												
II. Opening balance of the current year	820,335,960.00				723,492,399.33				41,529,919.45		169,109,222.44	1,754,467,501.22
III. Changes for the year (Decrease is indicated by "-")	5,347,063,429.00				12,051,833,971.00				177,739,536.03		1,263,318,080.63	18,839,955,016.66
(I) Total comprehensive income											1,777,395,360.26	1,777,395,360.26
(II) Owner's contributions and reduction of capital	5,347,063,429.00				12,051,833,971.00							17,398,897,400.00
1. Capital contribution from owners	5,347,063,429.00				12,051,833,971.00							17,398,897,400.00
2. Other equity instrument owner's invested capital												
3. Share-based payment recognised in owners' equity												
4. Others												
(III) Profit distribution									177,739,536.03		-514,077,279.63	-336,337,743.60
1. Transfer of surplus reserves									177,739,536.03		-177,739,536.03	
2. Transfer of general risk reserve												
3. Distribution to owners											-336,337,743.60	-336,337,743.60
4. Others												
(VI) Others												
IV. Closing balance of the current year	6,167,399,389.00				12,775,326,370.33				219,269,455.48		1,432,427,303.07	20,594,422,517.88

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 Auto”). Yaxia Auto, a limited company established by Wuhu Yaxia Industrial Co., Ltd obtained the *EnterpriseBusiness License of Enterprise Legal Person* No. 3402012104768 issued by Wuhu Administration for Industry and Commerce on November 30, 2006. Yaxia Auto was approved by the China Securities Regulatory Commission (referred to as the “CSRC”) for *The approval of the initial public offering of Wuhu Yaxia Automobile Co., Ltd.* (CSRC License [2011] No. 1046) and issued RMB 22 million 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 December 31, 2019, the Company's share capital was RMB 6,167,399,389.00 .

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

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

On January 23, 2019, the registration procedures for the transfer of shares of the Company and the new

shares of the Company related to the restructuring transaction were completed. As of December 31, 2019, the Company's share capital amounted RMB 6,167,399,389.00.

Unified social credit code: 91340200711040703A.

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

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

The nature of the industry: Education.

Customer nature: Mainly natural persons.

Business Scope: 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 the law can only carry out business activities after approval by the relevant departments).

The financial Statements were approved by the Board of Directors of the Company on 9 March 2020.

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 X (1) “Interest in subsidiaries” of this report. Changes in the scope of consolidated financial statements are detailed in Note IX “Changes In The Consolidated Scope” of this report.

Section IV. Basis for Preparation of Financial Statements

1. Basis of preparation

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

2. Going concern

The Company evaluated the ability to continue operations for 12 months from 31 December 2019. After using all available information to make an assessment, it did not find any matters and situations that have significant doubts about the ability to continue operations. It is reasonable to prepare financial statements on a going concern basis.

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 CASs and its application guidelines, interpretations, and other relevant regulations issued by the Ministry of Finance, which truly and completely present the company's financial position, 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 the CSRC as well as the *Notice on Implementation of the New Accounting Standards for Listed Companies*(Letter of the accounting department [2018] no. 453).

2. Accounting period and business cycle

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

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 achieves a merger under the same control in one transaction or through step-by-step multiple transactions. Assets and liabilities obtaining from the merger of enterprise are measured according to the share of book value of consolidated financial statements of final controlling party under the owner's equity of combined party within combining date. The difference between the book value of the net assets obtained 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 acquiree'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.

By 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.

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

Circumstances of disposing of equity through 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 he 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 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 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 the CASs 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 recognized 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 derecognizes 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 has been transferred virtually, or (b) though not all risks and benefits of the financial assets has 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 has 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 its 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 is 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 is 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 amortized 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 XI 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, adopts 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, it needs to recognize the relevant financial assets according to the extent to which they continue to be involved in the transferred financial assets, and recognize the related liabilities.

If the transferred financial assets are continued to be involved by financial warranty, the assets should be recognized at 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, some of the same inventory has if the contract price is agreed and there is no contract price in other parts, 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. Hold 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.

16. 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".

17. Long-term equity investments

17.1 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 is insufficient to offset, then it needs to adjust the 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).

17.2 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.

17.3 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.

17.4 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.

17.5 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.

18. Investment properties

18.1 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.

18.2 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 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.

19. Fixed assets

19.1 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.

19.2 Depreciation methods for each category of fixed assets

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

19.3 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.

20. Construction in progress

20.1 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.

20.2 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.

21. Borrowing cost

21.1 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.

21.2 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.

21.3 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.

22. Intangible assets

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

22.2 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

22.3 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.

22.4 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.

23. Impairment of long-term assets

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

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

The impairment should be recorded when the assets occur the following indications:

(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.

24. 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.

25. Employee compensation

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

25.1 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.

25.2 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.

25.3 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.

26. Provisions

26.1 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.

26.2 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.

27. Share-based payments

27.1 Categories of share-based payments

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

27.2 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.

27.3 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.

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

(1) Equity-settled share-based payments

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

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

(2) Cash-settled share-based payments

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

services obtained in the current period are included in related costs or expenses and corresponding liabilities.

(3) Modifying and terminating the share payment plan

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

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

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

28. Revenue

28.1 Sales of goods

Revenue from sales of goods is recognized when (1) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; (2) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (3) the amount of revenue can be measured reliably; (4) it is probable that the associated economic benefits will flow to the Company; and (5) the associated costs incurred or to be incurred can be measured reliably.

28.2 Offering services

Revenue from rendering of services is recognized when the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the enterprise; the stage of completion of the transaction can be determined reliably; and the associated costs incurred or to be incurred can be measured reliably. Revenue from rendering of services is recognized using the percentage of completion method at the balance sheet date. The stage of completion of a transaction for rendering for services is determined based on surveys of work performed. When the outcome of the transaction involving the rendering of

services cannot be estimated reliably, revenue is recognized only to the extent of According to the ratio of the labor services provided to the total labor services that should be provided, and the costs incurred are recognized as expenses for the period. When it is not probable that the costs incurred will be recovered, revenue is not recognized.

28.3 Revenue from alienating of right to use assets

When the economic benefit will probably flow into the Company and the revenue can be measured reliably, the amount of revenue from alienating of right to use assets shall be recognized as follows: revenue of interest shall be confirmed by the time and actual interest of the assets that have been used; revenue of charge for use shall be confirmed by the agreed time and methods in the contract.

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

29. Government grants

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

29.2 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.

29.3 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.

29.4 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.

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

30.1 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.

30.2 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.

30.3 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.

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

31. Lease

31.1 Operating leases

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

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

31.2 Financial leases

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

The Company as lessor under finance leases: at the commencement of the lease term, the aggregate of the minimum lease receivable at the inception of the lease and the initial direct costs is recognized as a finance lease receivable, and the unguaranteed residual value is recorded at the same time. The difference between the aggregate of the minimum lease receivable, the initial direct costs and the unguaranteed residual value, and the aggregate of their present values is recognized as unearned finance income. Unearned finance income is recognized as finance income for the period using the effective interest method over the lease term.

32. Segment report

The Company identifies operating segments based on the internal organization structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the company that satisfies all of the following conditions: (1) the component is able to earn revenue and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the company's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the company. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

Section VI. Taxes

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%
Education surcharge	Circulation Taxes payable	3%
Local education surcharge	Circulation Taxes payable	1.5%、2%
Corporate income tax	Taxable income	15%、20%、25%

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* (Cai Shui [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* (Cai Shui [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 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 Enterprise income tax

(1) The Company's subsidiary, Offcn Ltd. enterprise 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 and its subsidiaries have different enterprise income tax rates, as detailed below:

Name	Tax rate
1. The Company	25%
2. Offcn Ltd.	15%
3. Yaxia Automobile Wuhu Yawei Services Co., Ltd.	25%
4. Yaxia Automobile Ningguo Driver Training School	25%
5. Yaxia Automobile Huangshan Fudi Services Co., Ltd.	20%
6. Yaxia Automobile Caohu Kaixuan Services Co., Ltd.	25%
7. Yaxia Automobile Bozhou Driver Training School	25%
8. Yaxia Automobile Suzhou Bokai Services Co., Ltd.	25%
9. Zhejiang Offcn Co. Ltd.	25%
10. Taizhou Offcn Co. Ltd.	20%
11. Offcn Xinzhiyu Online Technology Co., Ltd.	20%
12. Hulunbuir Hailar Offcn Co., Ltd.	20%
13. Xilinhot Offcn Co., Ltd.	25%
14. Yueqing Offcn Co., Ltd.	20%
15. Jiaozuo Offcn Co., Ltd.	20%
16. Xinzheng Offcn Co., Ltd.	20%
17. Chongqing Jiangbei Offcn Co., Ltd.	20%

Name	Tax rate
18. Nanning Offcn Co., Ltd.	25%
19. Beijing Xindezhiyuan Enterprise Consulting Co.,Ltd.	20%
20. Baiyin Offcn Co., Ltd.	20%
21. Shandong Kunzhong Real Estate Co., Ltd.	25%
22. Nanjing Huiyue Hotel Management Co., Ltd.	25%
23. Sanmenxia Offcn Co., Ltd.	20%
24. Liaoning Offcn Cultural Exchange Co., Ltd.	25%
25. Liaoning Offcn Co., Ltd.	25%
26. Tianjin Wuqing Offcn Co., Ltd.	25%
27. Shandong Offcn Co., Ltd.	25%
28. Jilin Changyi Offcn Co., Ltd.	25%
29. Yuxi Offcn Co., Ltd.	25%
30. Tonghua Offcn Co., Ltd.	25%
31. Hunan Lighsalt Offcn Co., Ltd.	25%
32. Tianjin Hexi Offcn Co., Ltd.	25%
33. Chengdu Offcn Co., Ltd.	25%
34. Shandong Zuoda Business Management Co., Ltd.	25%
35. Liaoning Zhongcheng Real Estate Development Co.,Ltd.	25%

2. Important tax preferential policies and their basis

2.1 Value-added tax

(1) According to the *Notice on Implementing the Inclusive Tax Reduction Policy for Small and Micro Enterprises* (Cai Shui [2019] No. 13), in order to further support the development of small and micro enterprises, from January 1 2019 to December 31, 2021, small-scale value-added taxpayers with monthly sales of less than RMB 100,000 (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* (Cai Shui [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 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.

2.2 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* (Cai Shui [2016] No. 12), starting from February 1, 2016, additional education fees will be exempted. The exemption scope of the local education supplement 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 exceed 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) In accordance with the provisions of the *Opinions of the General Office of the Provincial People's Government on Reducing Enterprise Costs and Stimulating Market Vigor*, No. 27 [2016] of Hubei Government Office, starting from May 1 2016, the additional rate of local education for enterprises will be increased from 2 % down to 1.5%. The company's qualified subsidiaries apply this policy to calculate and pay local education surcharges.

2.3 Enterprise income tax

(1) On August 10, 2017, Offcn Ltd. passed the high-tech enterprise certification organized by Beijing State Taxation Bureau, Beijing Local Taxation Bureau, Beijing Finance Bureau, and Beijing Science and Technology Commission, and obtained the high-tech enterprise certificate numbered GR201711001302. The certificate is valid from 10 August 2017 to 9 August 2020.

According to Article 28 of the *People's Republic of China Corporate Income Tax Law* (Presidential Order of the People's Republic of China [2007] No. 63) “High-tech enterprises that the state needs to support, the enterprise income tax should be reduced by 15%. Offcn Ltd. and its branches pay 15% enterprise income tax in 2019”.

(2) According to the document of the *Notice on Implementing the Inclusive Tax Reduction Policy for Small and Micro Enterprises* (Cai Shui [2019] No. 13), from January 1, 2019 to December 31, 2021, The portion of the annual taxable income that does not exceed RMB 1 million is deducted from the taxable income by 25% and the corporate income tax is paid at a rate of 20%; the part of annual taxable income exceeds RMB 1 million but does not exceed RMB 3 million 50% of the taxable income should be deducted, and corporate income tax should be paid at the rate of 20%. Eligible subsidiaries and affiliates of the Company should pay corporate income tax in accordance with the policy.

Section VII. Changes in Accounting Policies and Accounting Estimates, and Corrections of Accounting Errors

1. Changes in Accounting Policies

1.1 Since January 1, 2019, the Company has adopted the relevant provisions of "Notice on Revising and Issuing the Format of General Enterprise Financial Statements for 2019" [Cai Kuai (2019) No. 6]. The impact of accounting policy changes is as follows:

The contents and reasons for the changes of accounting policies

Affected financial statements line items

Divide the "Notes receivable and Accounts receivable" into "Notes receivables" and "Accounts receivables"	<p>As of , the amount of notes receivables and accounts receivables presented in the statement of the consolidated financial position were RMB 0.00 and RMB 2,721,638.09;As of December 31, 2018, the amount of notes receivables and accounts receivables were RMB 0.00and RMB 6,804,330.67.</p> <p>As of December 31, 2019,both of the notes receivables and accounts receivables are presented as RMB 0.00. As of December 31, 2018, both of the notes receivables and accounts receivables are also presented as RMB 0.00.</p>
Divide the "Notes payable and Accounts payable" into "Notes payable" and "Accounts payable"	<p>As of December 31, 2019, the amount of notes payable and accounts payable presented in the statement of the consolidated financial position were RMB 0.00 and RMB 236,481,990.86;As of December 31, 2018, the amount of notes payables and accounts receivables were RMB 0.00and RMB 144,564,705.50.</p> <p>As of December 31, 2019, the amount of notes payable and accounts payable presented in the statement of the parent financial position were RMB 0.00 and RMB 561,752.26 ;As of December 31, 2018, the amount of notes payables and accounts receivables were RMB 0.00 and RMB 19,854,802.89.</p>

1.2 Since January 1, 2019, the Company has adopted the relevant regulations of the CASs No.22--Recognition and Measurement of Financial Instruments (Accounting [2017] No.7), No.23--Transfer of Financial Assets (Accounting [2017] No.8), No.24-- Hedging Accounting (Accounting [2017] No.9) ,and No.37-- Presentation of Financial Instruments (Accounting [2017] No.14), and based on the cumulative impact, the retained earnings at the beginning of the year and other relevant items in the financial statements are adjusted, and information for comparable periods is not adjusted. Changes in accounting policies resulted in an increase of RMB 247,170.28 in the undistributed profit of the consolidated financial statements on January 1, 2019. The financial statements of the parent company on January 1, 2019 had no impact.

1.3 The Company has adopted the relevant provisions of the CASs No.7-- Monetary Assets Exchange (Accounting [2019] No.8) from 10 June 2019. The Company shall adjust non-monetary asset exchanges between January 1, 2019 and the implementation date of this standard according to the standards. The Company does not need to make retrospective adjustments to non-monetary asset exchanges that occurred before January 1, 2019. Changes in accounting policies have no impact on the company's consolidation and the parent company's financial statements.

1.4 The Company has adopted the relevant provisions of the CASs No.12-- Monetary Assets Exchange (Accounting [2019] No.9) since 17 June 2019. The Company shall adjust the debt restructuring that occurred between January 1, 2019 and the implementation date of this standard in accordance with the standards. The Company does not need to make retrospective adjustments to debt restructurings that occurred before January 1, 2019. Changes in accounting policies have no impact on the Company's consolidation and the parent company's financial statements.

2. Changes in Accounting Estimates

None.

3. Corrections of Accounting Errors of Prior Period

None.

4. Implementation of the new financial instrument standards for the first time and adjust related items at the beginning of the year.

Consolidated Balance Sheet

Unit: RMB

Item	December 31, 2018	January 1, 2019	Adjustment
Current Assets:			
Cash and cash equivalents	648,711,545.32	648,711,545.32	
△ Settlement reserve			
△ Due from banks and other financial institutions			
Financial assets held for trading		2,252,670,000.00	2,252,670,000.00
Financial assets measured by fair value through profit or loss			

Item	December 31, 2018	January 1, 2019	Adjustment
Derivative Financial assets			
Notes Receivable			
Accounts Receivable	6,804,330.67	7,042,453.33	238,122.66
Financing receivables			
Prepayments	1,482,923.00	1,482,923.00	
△ Premium receivable			
△ Reinsurance premium receivable			
△ Reserve receivable for reinsurance			
Other receivables	80,712,327.58	39,115,348.64	-41,596,978.94
Inc: interest receivables	42,203,874.33	537,152.77	-41,666,721.56
Dividends receivables			
△ Financial assets purchased under resale agreements			
Inventories	20,062.46	20,062.46	
Contract assets			
Available for sale assets			
Non-current assets due within one year			
Other current assets	2,332,281,314.29	79,611,314.29	-2,252,670,000.00
Total current assets	3,070,012,503.32	3,028,653,647.04	-41,358,856.28
Non-current assets:			

Item	December 31, 2018	January 1, 2019	Adjustment
△ Loans And Advances			
Debt investments		1,841,666,721.56	1,841,666,721.56
Available-for-sale financial assets	162,800,000.00		-162,800,000.00
Other debt investments			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments			
Other equity instruments		155,450,000.00	155,450,000.00
Other non-current financial assets		50,000,000.00	50,000,000.00
Investment properties	773,542,368.65	773,542,368.65	
Fixed assets	699,100,602.20	699,100,602.20	
Construction in progress	91,371,160.15	91,371,160.15	
Bearer biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	204,424,848.76	204,424,848.76	
Development expenditure			
Goodwill	99,867,720.38	99,867,720.38	
Long-term prepaid expenses	254,711,893.55	254,711,893.55	

Item	December 31, 2018	January 1, 2019	Adjustment
Deferred tax assets	10,080,515.37	10,019,820.37	-60,695.00
Other non-current assets	1,836,159,908.85	36,159,908.85	-1,800,000,000.00
Total Non-current Assets	4,132,059,017.91	4,216,315,044.47	84,256,026.56
Total Assets	7,202,071,521.23	7,244,968,691.51	42,897,170.28
Current liabilities:			
Short-term borrowings	1,607,000,000.00	1,607,000,000.00	
△ Borrowings from central bank			
△ Placement from banks and other financial institutions			
Financial liabilities held for trading			
Financial liabilities measured by fair value through profit or loss			
Derivative Financial liabilities			
Notes payable			
Accounts payable	144,564,705.50	144,564,705.50	
Receipts in advance	1,920,139,853.63	1,920,139,853.63	
Contract liabilities			
△ Financial assets sold under repurchase agreements			
△ Absorbing deposit and deposit in inter-bank market			
△ Customer deposits for trading in securities			

Item	December 31, 2018	January 1, 2019	Adjustment
△ Amounts due to issuer for securities underwriting			
Employee benefits payable	287,054,391.82	287,054,391.82	
Taxes payable	145,802,041.37	145,802,041.37	
Other payables	46,791,123.73	46,791,123.73	
Inc: Interest payables	3,924,585.00	3,924,585.00	
Dividends payables			
△ Fees and commissions payable			
△ Reinsurance accounts payable			
Held-for-sale liabilities			
Non-current Liabilities due within One Year			
Other current liabilities			
Total Current Liabilities	4,151,352,116.05	4,151,352,116.05	
Non-current Liabilities:			
△ Deposits for insurance contracts			
Long-term borrowings			
Bonds payable			
Inc: preference share			
Perpetual bond			
Lease liabilities			

Item	December 31, 2018	January 1, 2019	Adjustment
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred Income			
Deferred tax liabilities	96,767,500.18	107,430,000.18	10,662,500.00
Other non-current liabilities			
Total Non-current Liabilities	96,767,500.18	107,430,000.18	10,662,500.00
Total Liabilities	4,248,119,616.23	4,258,782,116.23	10,662,500.00
Owners' equity:			
Paid-in capital (share capital)	103,807,623.00	103,807,623.00	
Other equity instrument			
Inc: preference share			
Perpetual bond			
Capital reserve	1,144,781,049.50	1,144,781,049.50	
Deduct: Treasury stock			
Other comprehensive income		31,987,500.00	31,987,500.00
Special reserve			
Surplus reserve	45,000,000.00	45,000,000.00	
△ General risk reserve			

Item	December 31, 2018	January 1, 2019	Adjustment
Retained earnings	1,660,363,232.50	1,660,610,402.78	247,170.28
Total Owners' Equity Attributable To the Company	2,953,951,905.00	2,986,186,575.28	32,234,670.28
Minority interests			
Total Owners' Equity	2,953,951,905.00	2,986,186,575.28	32,234,670.28
Total Liabilities and Owners' Equity	7,202,071,521.23	7,244,968,691.51	42,897,170.28

Balance Sheet

Unit: RMB

Item	December 31, 2018	January 1, 2019	Adjustment
Current Assets:			
Cash and cash equivalents	5,304,519.61	5,304,519.61	
△ Settlement reserve			
△ Due from banks and other financial institutions			
Financial assets held for trading			
Financial assets measured by fair value through profit or loss			
Derivative Financial assets			
Notes Receivable			
Accounts Receivable			
Financing receivables			

Item	December 31, 2018	January 1, 2019	Adjustment
Prepayments			
△ Premium receivable			
△ Reinsurance premium receivable			
△ Reserve receivable for reinsurance			
Other receivables	2,084,332,624.85	2,084,332,624.85	
Inc: interest receivables			
Dividends receivables	1,550,000,000.00	1,550,000,000.00	
△ Financial assets purchased under resale agreements			
Inventories			
Contract assets			
Available for sale assets			
Non-current assets due within one year			
Other current assets	1,222,565.30	1,222,565.30	
Total current assets	2,090,859,709.76	2,090,859,709.76	
Non-current assets:			
△ Loans And Advances			
Debt investments			
Available-for-sale financial assets	112,800,000.00		-112,800,000.00
Other debt investments			

Item	December 31, 2018	January 1, 2019	Adjustment
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	18,582,307,907.14	18,582,307,907.14	
Other equity instruments		155,450,000.00	155,450,000.00
Other non-current financial assets			
Investment properties	477,825,678.61	477,825,678.61	
Fixed assets			
Construction in progress			
Bearer biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets			
Development expenditure			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets			
Other non-current assets			
Total Non-current Assets	19,172,933,585.75	19,215,583,585.75	42,650,000.00
Total Assets	21,263,793,295.51	21,306,443,295.51	42,650,000.00

Item	December 31, 2018	January 1, 2019	Adjustment
Current liabilities:			
Short-term borrowings	216,000,000.00	216,000,000.00	
△ Borrowings from central bank			
△ Placement from banks and other financial institutions			
Financial liabilities held for trading			
Financial liabilities measured by fair value through profit or loss			
Derivative Financial liabilities			
Notes payable			
Accounts payable	19,854,802.89	19,854,802.89	
Receipts in advance			
Contract liabilities			
△ Financial assets sold under repurchase agreements			
△ Absorbing deposit and deposit in inter-bank market			
△ Customer deposits for trading in securities			
△ Amounts due to issuer for securities underwriting			
Employee benefits payable			
Taxes payable	4,001,488.81	4,001,488.81	
Other payables	429,514,485.93	429,514,485.93	
Inc: Interest payables			

Item	December 31, 2018	January 1, 2019	Adjustment
Dividends payables	319,931,024.40	319,931,024.40	
△ Fees and commissions payable			
△ Reinsurance accounts payable			
Held-for-sale liabilities			
Non-current Liabilities due within One Year			
Other current liabilities			
Total Current Liabilities	669,370,777.63	669,370,777.63	
Non-current Liabilities:			
△ Deposits for insurance contracts			
Long-term borrowings			
Bonds payable			
Inc: preference share			
Perpetual bond			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred Income			
Deferred tax liabilities		10,662,500.00	10,662,500.00

Item	December 31, 2018	January 1, 2019	Adjustment
Other non-current liabilities			
Total Non-current Liabilities		10,662,500.00	10,662,500.00
Total Liabilities	669,370,777.63	680,033,277.63	10,662,500.00
Owners' equity:			
Paid-in capital (share capital)	6,167,399,389.00	6,167,399,389.00	
Other equity instrument			
Inc: preference share			
Perpetual bond			
Capital reserve	12,775,326,370.33	12,775,326,370.33	
Deduct: Treasury stock			
Other comprehensive income		31,987,500.00	31,987,500.00
Special reserve			
Surplus reserve	219,269,455.48	219,269,455.48	
△ General risk reserve			
Retained earnings	1,432,427,303.07	1,432,427,303.07	
Total Owners' Equity	20,594,422,517.88	20,626,410,017.88	31,987,500.00
Total Liabilities and Owners' Equity	21,263,793,295.51	21,306,443,295.51	42,650,000.00

5. Explanation of retrospective adjustment of previous comparative data for the first implementation of the new financial instrument standards

The Company adjusted the retained earnings at the beginning of the year and other related items in the financial statements based on the cumulative impacts in accordance with the new financial instrument standards. No adjustments were made to the previous comparative data.

Impact of first implementation of new financial instrument standards:

Consolidated statements:

Item	December 31, 2018	Reclassification	Remeasurement	January 1, 2019
Assets:				
Financial assets held for trading		2,252,670,000.00		2,252,670,000.00
Accounts Receivable	6,804,330.67		238,122.66	7,042,453.33
Other receivables	80,712,327.58	-41,666,721.56	69,742.62	39,115,348.64
Inc: interest receivables	42,203,874.33	-41,666,721.56		537,152.77
Other current assets	2,332,281,314.29	-2,252,670,000.00		79,611,314.29
Debt investments		1,841,666,721.56		1,841,666,721.56
Available-for-sale financial assets	162,800,000.00	-162,800,000.00		
Other equity instruments		112,800,000.00	42,650,000.00	155,450,000.00
Other non-current financial assets		50,000,000.00		50,000,000.00
Deferred tax assets	10,080,515.37		-60,695.00	10,019,820.37
Other non-current assets	1,836,159,908.85	-1,800,000,000.00		36,159,908.85
Liabilities:				
Deferred tax liabilities	96,767,500.18		10,662,500.00	107,430,000.18

Item	December 31, 2018	Reclassification	Remeasurement	January 1, 2019
Owners' equity:				
Other comprehensive income			31,987,500.00	31,987,500.00
Retained earnings	1,660,363,232.50		247,170.28	1,660,610,402.78

Statements:

Item	December 31, 2018	Reclassificaton	Remeasurement	January 1, 2019
Assets:				
Available-for-sale financial assets	112,800,000.00	-112,800,000.00		
Other equity instruments		112,800,000.00	42,650,000.00	155,450,000.00
Liabilities:				
Deferred tax liabilities			10,662,500.00	10,662,500.00
Owners' equity:				
Other comprehensive income			31,987,500.00	31,987,500.00

Section VIII. Notes To Consolidated Financial Statements

“The Opening balance” refers to the balance on January 1, 2019 and “the Closing balance” refers to the balance on December 31, 2019. “The prior period” refer to the year of 2018 and “The current period” refer to the year of 2019.

1. Cash and cash equivalents

Item	Closing balance	Opening balance
Cash on hand	40,288.16	136,531.09

Item	Closing balance	Opening balance
Cash at bank	2,657,929,052.80	615,383,805.40
Other cash balances	66,365,660.62	33,191,208.83
<u>Total</u>	<u>2,724,335,001.58</u>	<u>648,711,545.32</u>

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

2. At the end of the period, there are no mortgage, pledge, freeze, etc. that have restrictions on use.

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

2. Financial assets held for trading

Item	Closing balance	Opening balance
Financial assets classified as at fair value through profit or loss	1,754,396,227.54	2,252,670,000.00
Including: Debt instrument investment	1,754,396,227.54	2,252,670,000.00
<u>Total</u>	<u>1,754,396,227.54</u>	<u>2,252,670,000.00</u>

3. Accounts Receivable

3.1 Disclosure by aging

Aging	Closing balance	Opening balance
Within 1 year(inclusive)	2,721,638.09	7,042,453.33
<u>Total</u>	<u>2,721,638.09</u>	<u>7,042,453.33</u>

3.2 Classified disclosure by bad debt accrual method

Item	Closing balance

	Carrying amount		Bad debt provision		Net carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable for which bad debt provision has been assessed by credit risk portfolios total	2,864,882.20	100.00	143,244.11	5.00	2,721,638.09
Inc:Combination2	2,864,882.20	100.00	143,244.11	5.00	2,721,638.09
<u>Total</u>	<u>2,864,882.20</u>	--	<u>143,244.11</u>	--	<u>2,721,638.09</u>

Continued:

Item	Opening balance		Bad debt provision		Net carrying amount
	Carrying amount	Proportion (%)	Net carrying amount	Proportion (%)	
Accounts receivables for which bad debt provision has been assessed by credit risk portfolios total	7,042,453.33	100.00			7,042,453.33
Inc:Combination1	5,139,412.85	72.98			5,139,412.85
Combination2	1,903,040.48	27.02			1,903,040.48
<u>Total</u>	<u>7,042,453.33</u>	--			<u>7,042,453.33</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	2,864,882.20	143,244.11	5.00
<u>Total</u>	<u>2,864,882.20</u>	<u>143,244.11</u>	--

3.3 Bad debt provision

Item	Opening balance	Changes in the period				Closing balance
		Provision	recovery or reversal	Write-off	Other changes	
Provision for bad debts of accounts receivable		143,244.11				143,244.11
<u>Total</u>		<u>143,244.11</u>				<u>143,244.11</u>

3.4 Top five accounts receivable at the end of the period

Creditor	Nature of payment	Amount	Bad debt provision	Aging	Percentage of total accounts receivable (%)
Customer 1	Hotel service	556,966.00	27,848.30	Within 1 year	19.44
Customer 2	Hotel service	299,560.00	14,978.00	Within 1 year	10.46
Customer 3	Hotel service	289,000.00	14,450.00	Within 1 year	10.09
Customer 4	Hotel service	272,094.00	13,604.70	Within 1 year	9.50
Customer 5	Hotel service	258,000.00	12,900.00	Within 1 year	9.01
<u>Total</u>		<u>1,675,620.00</u>	<u>83,781.00</u>	<u>==</u>	<u>58.50</u>

4. Prepayments

4.1 Disclosure by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year(inclusive)	2,461,009.00	100.00	1,482,923.00	100.00
<u>Total</u>	<u>2,461,009.00</u>	<u>100.00</u>	<u>1,482,923.00</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 Suzhiyun Travel Agency Co.,Ltd.	Ticket	2,461,009.00	Within 1 year	100.00	
<u>Total</u>		<u>2,461,009.00</u>		<u>100.00</u>	

5. Other receivables

5.1 Classified listing

Item	Closing balance	Opening balance
Interest receivables	567,341.68	537,152.77
Other receivables	254,445,955.28	38,578,195.87
<u>Total</u>	<u>255,013,296.96</u>	<u>39,115,348.64</u>

5.2 Interest receivables

5.2.1 Classification of interest receivables

Item	Closing balance	Opening balance
Time deposit	567,341.68	537,152.77
<u>Total</u>	<u>567,341.68</u>	<u>537,152.77</u>

5.3 Other receivables

5.3.1 Disclosure by aging

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	227,228,669.54	17,143,210.72
1-2 years (inclusive)	7,070,138.50	2,209,175.42
2-3 years (inclusive)	2,007,720.77	9,877,808.30
3-4 years (inclusive)	9,442,596.18	672,589.95
4-5 years (inclusive)	524,308.91	4,185,595.32
Over 5 years	8,172,521.38	4,489,816.16
<u>Total</u>	<u>254,445,955.28</u>	<u>38,578,195.87</u>

5.3.2 Other receivables by nature of the payment

Item	Closing balance	Opening balance
Deposits and guarantees	252,096,657.97	36,940,760.83
Reserve	214,164.38	559,502.97
Disbursement fee and others	2,135,132.93	1,077,932.07
<u>Total</u>	<u>254,445,955.28</u>	<u>38,578,195.87</u>

5.3.3 Withdrawing process of bad debt provision

	The first stage	second stage	The third stage	
Bad debt provision	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit losses throughout life (credit impairment has occurred)	Total
Balance as of January 1, 2019			510,300.00	<u>510,300.00</u>
Balance of other receivables on January 1, 2019 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		194,490.90		<u>194,490.90</u>
Reversal during the current period				
Resale during the current peirod				
Wrtie-off during the current period				
Other changes				
Balance as of December 31, 2019		194,490.90	510,300.00	<u>704,790.90</u>

5.3.4 Situation of bad debt provision

Item	Opening balance	Changes in the period				Closing balance
		Provision	recovery or reversal	Write-off	Other changes	
Provision for bad debts of other receivables	510,300.00	194,490.90				704,790.90
Total	<u>510,300.00</u>	<u>194,490.90</u>				<u>704,790.90</u>

5.3.5 Top five other receivable at the end of the period

Creditor	Nature of payment	Closing balance	Aging	Proportion in Closing total other balance of receivables (%)	Proportion in Closing total other balance of bad debt provision
Changsha Nanhu Xincheng Construction Development Co.,Ltd.	Deposits and guarantees	200,000,000.00	Within 1 year	78.39	
Beijing Wushuang Technology Ltd.	Deposits and guarantees	11,400,000.00	Within 1 year	4.47	
Shenyang Lijing Pearl Hotel Management Co., Ltd.	Deposits and guarantees	5,675,200.00	3-4 years	2.22	
Chengdu Zhongman Weiye Culture Industry Development Co.,Ltd.	Deposits and guarantees	3,660,000.00	Within 1 year	1.43	
Harbin Gloria Pharmaceuticals Co.,Ltd	Deposits and guarantees	2,700,000.00	Over 5 years	1.06	
Total		<u>223,435,200.00</u>		<u>87.57</u>	

6. Inventories

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount
Finished goods				20,062.46		20,062.46
<u>Total</u>				<u>20,062.46</u>		<u>20,062.46</u>

7. Other current assets

Item	Closing balance	Opening balance
Prepaid expenses	97,166,903.13	77,634,223.69
Deductible input tax	169,697.03	1,977,090.60
<u>Total</u>	<u>97,336,600.16</u>	<u>79,611,314.29</u>

8. Debt investments

8.1 Debt investment

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Net carrying amount	Gross carrying amount	Provision for impairment	Net carrying amount
Time deposit	1,923,598,909.09		1,923,598,909.09	1,841,666,721.56		1,841,666,721.56
<u>Total</u>	<u>1,923,598,909.09</u>		<u>1,923,598,909.09</u>	<u>1,841,666,721.56</u>		<u>1,841,666,721.56</u>

8.2 Important debt investment at the end of the period

Item	Closing balance			
	face value	Coupon rate	Real interest rate	Expiry date
Huaxia Bank Co., Ltd. Beijing Sidaokou Sub-branch	500,000,000.00	4.12%	4.12%	5 April 2021
Qianmen Sub-branch, China Construction Bank Corporation	500,000,000.00	3.85%	3.85%	13 April 2021
Beijing Shangdi sub-branch of China Minsheng Bank Co., Ltd	500,000,000.00	4.30%	4.30%	6 June 2021
Meihekou Rural Credit Cooperative Cooperative Union Sales Department	50,000,000.00	4.20%	4.20%	15 May 2021
Meihekou Rural Credit Cooperative Cooperative Union Sales Department	150,000,000.00	4.20%	4.20%	1 June 2021
Meihekou Rural Credit Cooperative Cooperative Union Sales Department	100,000,000.00	4.20%	4.20%	3 July 2021
China Merchants Bank Co., Ltd. Beijing Fangzhuang sub-branch	20,000,000.00	4.18%	4.18%	18 December 2021
<u>Total</u>	<u>1,820,000,000.00</u>			

Continued::

Item	Opening balance			
	face value	Coupon rate	Real interest rate	Expiry date
Huaxia Bank Co., Ltd. Beijing Sidaokou Sub-branch	500,000,000.00	4.12%	4.12%	5 April 2021
Qianmen Sub-branch, China Construction Bank Corporation	500,000,000.00	3.85%	3.85%	13 April 2021
Beijing Shangdi sub branch of China Minsheng Bank	500,000,000.00	4.30%	4.30%	6 June 2021

Item	Opening balance			
	face value	Coupon rate	Real interest rate	Expiry date
Co., Ltd				
Meihekou Rural Credit Cooperative Cooperative Union Sales Department	50,000,000.00	4.20%	4.20%	15 May 2021
Meihekou Rural Credit Cooperative Cooperative Union Sales Department	150,000,000.00	4.20%	4.20%	1 June 2021
Meihekou Rural Credit Cooperative Cooperative Union Sales Department	100,000,000.00	4.20%	4.20%	3 July 2021
<u>Total</u>	<u>1,800,000,000.00</u>			

9. Other equity instruments

9.1 Other equity instruments

Item	Closing balance	Opening balance
Shanghai Zuihuibao Network Technology Co., Ltd.	136,000,000.00	128,650,000.00
Anhui Ningguo Rural Commercial Bank Co., Ltd.	26,800,000.00	26,800,000.00
<u>Total</u>	<u>162,800,000.00</u>	<u>155,450,000.00</u>

9.2 Investment in non-trading equity instruments

Item	Dividend income recognized during the period	Cumulative gain	Cumulative loss	Amount of other comprehensive income transferred to retained earnings	Reasons designated to be measured at fair value with changes included in other comprehensive income	Reasons for transferring other comprehensive income to retained earnings
Shanghai Zuihuibao Network Technology Co., Ltd.		50,000,000.00			Plan for long-term holding	
Anhui Ningguo Rural Commercial Bank Co., Ltd.					Plan for long-term holding	
<u>Total</u>		<u>50,000,000.00</u>				

10. Other non-current financial assets

Item	Closing balance	Opening balance
Beijing Jinwu Venture Capital Center (Limited Partnership)	38,050,000.00	50,000,000.00
Financial product	100,116,559.96	
<u>Total</u>	<u>138,166,559.96</u>	<u>50,000,000.00</u>

11. Investment properties

11.1 Investment properties measured at cost:

Item	Buildings	Land use rights	Construction in progress	Total
1.Total original carrying amount				
1.1 Opening balance	376,564,752.14	473,640,992.73	71,050,324.88	<u>921,256,069.75</u>
1.2 Increase in the current period	2,965,425.08	184,857.14		<u>3,150,282.22</u>
1.2.1 Purchase	636,235.05	184,857.14		<u>821,092.19</u>
1.2.2 Transferred from fixed assets	2,329,190.03			<u>2,329,190.03</u>
1.3 Decrease in the current period	2,418,955.00		71,050,324.88	<u>73,469,279.88</u>
1.3.1 Transfer to fixed assets	2,418,955.00			<u>2,418,955.00</u>
1.3.2 Transfer to construction in progress			71,050,324.88	<u>71,050,324.88</u>
1.4 Closing balance	377,111,222.22	473,825,849.87		<u>850,937,072.09</u>
2. Accumulated depreciation and amortization				—
2.1 Opening balance	34,079,977.25	53,436,119.93		<u>87,516,097.18</u>
2.2 Increase in the current period	8,749,512.54	6,937,157.88		<u>15,686,670.42</u>
2.2.1 Depreciation	8,260,867.87	6,937,157.88		<u>15,198,025.75</u>
2.2.1 Transferred from fixed asset	488,644.67			<u>488,644.67</u>
2.3 Decrease in the current period	938,352.96			<u>938,352.96</u>
2.3.1 Transfer to fixed assets	938,352.96			<u>938,352.96</u>
2.3.2 Transfer to construction in progress				
2.4 Closing balance	41,891,136.83	60,373,277.81		<u>102,264,414.64</u>
3. Provision for impairment				—

Item	Buildings	Land use rights	Construction in progress	Total
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				==
3.4 Closing balance	6,556,268.55	53,641,335.37		<u>60,197,603.92</u>
4.Book value				==
4.1 Closing balance	328,663,816.84	359,811,236.69		<u>688,475,053.53</u>
4.2 Opening balance	335,928,506.34	366,563,537.43	71,050,324.88	<u>773,542,368.65</u>

11.2 Investment properties of which certificates of title have not been granted

Item	Closing balance	Reasons for not completing the property right certificate
Buildings	244,328,763.00	In progress
Land use rights	7,924,763.57	In progress

12. Fixed assets

12.1 Presentation

Item	Closing balance	Opening balance
Fixed assets	672,429,601.44	699,100,602.20
<u>Total</u>	<u>672,429,601.44</u>	<u>699,100,602.20</u>

12.2 Fixed assets

12.2.1 Fixed assets

Item	Buildings	Decoration of buildings	Transportation equipment	Electronic equipment	Office equipment	Total
I.Total original carrying amount						—
1.Opening balance	594,112,157.03	39,832,104.02	73,851,896.85	176,935,096.89	11,521,894.41	<u>896,253,149.20</u>
1.2 Increase in the current period	21,988,955.00		2,756,261.65	7,961,342.23	503,656.80	<u>33,210,215.68</u>
1.2.1 Purchase	19,570,000.00		2,756,261.65	7,961,342.23	503,656.80	<u>30,791,260.68</u>
1.2.2 Transferred from investment properties	2,418,955.00					<u>2,418,955.00</u>
1.3 Decrease in the current period	2,329,190.03		1,791,186.41	25,950.00		<u>4,146,326.44</u>
1.3.1 Disposal or scrap			1,791,186.41	25,950.00		<u>1,817,136.41</u>
1.3.2 Transfer to investment properties	2,329,190.03					<u>2,329,190.03</u>
1.4 Closing balance	613,771,922.00	39,832,104.02	74,816,972.09	184,870,489.12	12,025,551.21	<u>925,317,038.44</u>
II. Total accumulated depreciation						
2.1 Opening balance	50,700,634.32	9,957,838.50	57,937,980.89	69,206,577.66	9,270,531.29	<u>197,073,562.66</u>
2.2 Increase in the current period	20,494,871.63	3,983,135.40	5,815,236.32	26,555,017.58	793,228.75	<u>57,641,489.68</u>

Item	Buildings	Decoration of buildings	Transportation equipment	Electronic equipment	Office equipment	Total
2.2.1 provided	19,556,518.67	3,983,135.40	5,815,236.32	26,555,017.58	793,228.75	<u>56,703,136.72</u>
2.2.2 Transfer of investment properties	938,352.96					<u>938,352.96</u>
2.3 Decrease in the current period	488,644.67		1,393,302.51	24,652.50		<u>1,906,599.68</u>
2.3.1 Disposal or scrap			1,393,302.51	24,652.50		<u>1,417,955.01</u>
2.3.2 Transfer to investment properties	488,644.67					<u>488,644.67</u>
2.4 Closing balance	70,706,861.28	13,940,973.90	62,359,914.70	95,736,942.74	10,063,760.04	<u>252,808,452.66</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						
3.3 Decrease in the current period						
3.4 Closing balance				4,309.80	74,674.54	<u>78,984.34</u>
IV. Book value						
4.1 Closing balance	543,065,060.72	25,891,130.12	12,457,057.39	89,129,236.58	1,887,116.63	<u>672,429,601.44</u>
4.2 Opening balance	543,411,522.71	29,874,265.52	15,913,915.96	107,724,209.43	2,176,688.58	<u>699,100,602.20</u>

12.2.2 Fixed assets with pending certificate ownership

Item	Closing balance	Status
Buildings	19,570,000.00	In progress

13. Construction in progress

13.1 Master list

Item	Closing balance	Opening balance
Construction in progress	653,580,160.32	91,371,160.15
<u>Total</u>	<u>653,580,160.32</u>	<u>91,371,160.15</u>

13.2 Construction in progress

13.2.1 Construction in progress

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Net carrying amount	Gross carrying amount	Provision for impairment	Net carrying amount
Liaoning						
Zhongcheng Building	275,905,485.09		275,905,485.09			
Offcn Shandong Building	182,917,951.44		182,917,951.44			
Offcn Fushun Building	113,020,225.37		113,020,225.37	91,371,160.15		91,371,160.15
Yaxia Bozhou Buildings	62,847,721.95		62,847,721.95			

Item	Closing balance		Opening balance			
	Gross carrying amount	Provision for impairment	Net carrying amount	Gross carrying amount	Provision for impairment	Net carrying amount
Yaxia Bozhou 4S Stores	9,721,381.62		9,721,381.62			
Remote training system	7,798,395.00		7,798,395.00			
Yaxia Huangshan Fudi Stores	1,368,999.85		1,368,999.85			
Total	<u>653,580,160.32</u>		<u>653,580,160.32</u>	<u>91,371,160.15</u>		<u>91,371,160.15</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
Liaoning Zhongcheng Building	450,000,000.00		275,905,485.09			275,905,485.09
Offcn Shandong Building	210,000,000.00		182,917,951.44			182,917,951.44
Offcn Fushun Building	330,000,000.00	91,371,160.15	21,649,065.22			113,020,225.37
Total	<u>990,000,000.00</u>	<u>91,371,160.15</u>	<u>480,472,501.75</u>			<u>571,843,661.90</u>

Continued:

Amount injected as a proportion of budget amount (%)	Construction progress (%)	Amount of accumulated capitalized interest	of Including: capitalized interest for the period	Interest capitalization rate for the period (%)	Source of funds
61.31	61.31				self-funds
87.10	87.10				self-funds
34.25	34.25				self-funds
--	--				

14. Intangible assets

Item	Land use rights	Software use rights	Trademark rights	Total
1.Total original carrying amount				
1.1 Opening balance	205,199,737.07	7,759,196.02	7,137,021.53	<u>220,095,954.62</u>
1.2 Increase in the current period		1,090.00	3,500.00	<u>4,590.00</u>
1.2.1 Purchase		1,090.00	3,500.00	<u>4,590.00</u>
1.3 Decrease in the current period				
1.4 Closing balance	205,199,737.07	7,760,286.02	7,140,521.53	<u>220,100,544.62</u>
2. Total accumulated amortization				
1. Opening balance	12,495,942.74	2,161,561.62	1,010,490.50	<u>15,667,994.86</u>
2.2 Increase in the current period	5,291,637.40	915,188.44	715,385.52	<u>6,922,211.36</u>
2.2.1 Accrue	5,291,637.40	915,188.44	715,385.52	<u>6,922,211.36</u>
2.3 Decrease in the current period				

Item	Land use rights	Software use rights	Trademark rights	Total
2.4 Closing balance	17,787,580.14	3,076,750.06	1,725,876.02	<u>22,590,206.22</u>
3.Total provision for impairment				
3.1 Opening balance		3,111.00		<u>3,111.00</u>
3.2 Increase in the current period				
3.3 Decrease in the current period				
3.4 Closing balance		3,111.00		<u>3,111.00</u>
4. Book value				
4.1 Closing balance	187,412,156.93	4,680,424.96	5,414,645.51	<u>197,507,227.40</u>
4.2 Opening balance	192,703,794.33	5,594,523.40	6,126,531.03	<u>204,424,848.76</u>

15. Goodwill

15.1 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
		Formed by business combination	others	Dispose	others	
Shandong Kunzhong Real Estate Co., Ltd.	39,378,573.51					39,378,573.51
Nanjing Huiyue Hotel Management Co., Ltd.	60,489,146.87					60,489,146.87
<u>Total</u>	<u>99,867,720.38</u>					<u>99,867,720.38</u>

15.2 Goodwill impairment provision

None.

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

The company acquired Shandong Kunzhong Real Estate Co., Ltd. in 2016 and generated goodwill of RMB 39,378,573.51. The goodwill was divided into corresponding asset groups with a book value of RMB 192,286,478.23. The recoverable amount of the asset group is determined based on the net amount of the fair value minus the disposal expenses.

The company's acquisition of Nanjing Huiyue Hotel Management Co., Ltd. in 2018 generated goodwill of RMB 60,489,146.87, which was divided into corresponding asset groups with a book value of RMB 195,383,990.96. The recoverable amount of the asset group is determined based on the net amount of the fair value minus the disposal expenses.

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

The method of provision for impairment is detailed in Note V (23) "Impairment of long-term assets".

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 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. 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.

16. Long-term prepaid expenses

Item	Opening balance	Increase in the period	Amortization for the period	Other reductions	Closing balance
Decoration expenditure	248,341,986.87	22,124,565.53	83,512,778.76		186,953,773.64
Marketing fee	5,154,741.74	147,940.00	425,160.03		4,877,521.71
Rent and property fees	184,254.46	48,315,414.00	1,259,716.26		47,239,952.20
Other	1,030,910.48	1,093,000.60	629,196.61		1,494,714.47
<u>Total</u>	<u>254,711,893.55</u>	<u>71,680,920.13</u>	<u>85,826,851.66</u>		<u>240,565,962.02</u>

17. Deferred tax assets and Deferred tax liabilities

17.1 Deferred tax assets that are not presented at the net amount after offset

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment losses of assets	930,130.35	177,903.51	592,395.34	97,068.84
Deductible losses	43,219,714.47	10,804,928.62	9,691,006.11	2,422,751.53
Employee benefits provided but not paid	70,000,000.00	10,500,000.00	50,000,000.00	7,500,000.00
Total	<u>114,149,844.82</u>	<u>21,482,832.13</u>	<u>60,283,401.45</u>	<u>10,019,820.37</u>

17.2 Deferred tax liabilities that are not presented at the net amount after offset

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Fixed asset accounting depreciation is less than tax law	2,298,553.47	344,783.02	2,739,394.87	410,909.23
Appraisal and Appreciation of Consolidated Assets of Non-identical Controlled Enterprises	375,304,896.84	93,826,224.21	385,426,363.79	96,356,590.95
Changes in fair value of other equity instrument investments	50,000,000.00	12,500,000.00	42,650,000.00	10,662,500.00

Item	Closing balance			Opening balance		
	Taxable temporary difference	Deferred liabilities	tax	Taxable temporary difference	Deferred liabilities	tax
Changes in fair value of transactional financial assets	1,712,787.50	261,265.80				
Total	<u>429,316,237.81</u>	<u>106,932,273.03</u>		<u>430,815,758.66</u>	<u>107,430,000.18</u>	

17.3 Details of unrecognized deferred tax assets

Item	Closing balance	Opening balance
Deductible losses	32,969,109.71	20,704,287.62
Total	<u>32,969,109.71</u>	<u>20,704,287.62</u>

17.4 Deductible losses, for which no deferred tax assets are recognized, will expire in the following years

Year	Closing balance	Opening balance	Remarks
2019		2,991,532.08	
2020		12,537.56	
2021	11,383,708.37	6,464,006.49	
2022	119,383.82	119,383.82	
2023	11,480,964.23	11,116,827.67	
2024	9,985,053.29		
Total	<u>32,969,109.71</u>	<u>20,704,287.62</u>	

18. Other non-current assets

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Net carrying amount	Gross carrying amount	Provision for impairment	Net carrying amount
Prepaid land payments	218,449,062.00		218,449,062.00			
Prepaid decoration	93,560,250.00		93,560,250.00	31,056,800.00		31,056,800.00
Input tax to be deducted / to be certified	13,658,316.34		13,658,316.34	5,103,108.85		5,103,108.85
Investment funds	300,000.00		300,000.00			
Total	<u>325,967,628.34</u>		<u>325,967,628.34</u>	<u>36,159,908.85</u>		<u>36,159,908.85</u>

19. Short-term borrowings

Item	Closing balance	Opening balance
Pledge borrowings	1,397,000,000.00	1,397,000,000.00
Guaranteed borrowings	360,000,000.00	210,000,000.00
Unsecured borrowings	1,110,000,000.00	
Total	<u>2,867,000,000.00</u>	<u>1,607,000,000.00</u>

20. Accounts payable

Item	Closing balance	Opening balance
Direct cost for class operating	188,285,128.46	86,570,963.06
Project payments	13,062,592.12	22,223,978.38

Item	Closing balance	Opening balance
Market promotion fees	26,766,715.00	17,415,053.32
House payments		10,000,000.00
Decoration costs	7,863,306.78	5,929,130.24
Rent and property fees	452,248.50	2,122,289.00
Purchase of fixed assets	52,000.00	303,291.50
<u>Total</u>	<u>236,481,990.86</u>	<u>144,564,705.50</u>

21. Receipts in advance

Item	Closing balance	Opening balance
Training fees received in advance	2,633,629,875.89	1,919,977,223.75
Others	646,327.99	162,629.88
<u>Total</u>	<u>2,634,276,203.88</u>	<u>1,920,139,853.63</u>

22. Employee benefits payable

22.1 Employee benefits payable

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term compensation	280,057,116.34	4,010,297,491.20	3,886,016,408.63	404,338,198.91
II. Post-employment welfare-defined contribution plan liability	6,997,275.48	280,976,584.55	280,836,422.91	7,137,437.12
III. Dismissal welfare		678,595.82	678,595.82	
<u>Total</u>	<u>287,054,391.82</u>	<u>4,291,952,671.57</u>	<u>4,167,531,427.36</u>	<u>411,475,636.03</u>

22.2 Short-term compensation

Item	Opening balance	Increase	Decrease	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	271,834,971.99	3,702,158,224.23	3,580,589,991.97	393,403,204.25
II. Staff welfare		8,107,559.69	8,107,559.69	
III. Social security contributions	3,849,838.35	162,610,593.50	161,495,451.19	4,964,980.66
Inc:1.Medical insurance	3,362,106.44	146,982,338.60	145,911,143.84	4,433,301.20
2. Employment injury insurance	146,336.20	6,940,244.32	6,921,176.98	165,403.54
3. Maternity insurance	341,395.71	8,688,010.58	8,663,130.37	366,275.92
IV. Housing fund	4,372,306.00	137,120,753.57	135,523,045.57	5,970,014.00
V. Labor union expenditure and employee education expenditure		300,360.21	300,360.21	
Total	<u>280,057,116.34</u>	<u>4,010,297,491.20</u>	<u>3,886,016,408.63</u>	<u>404,338,198.91</u>

22.3 Post-employment welfare- defined contribution plan liability

Item	Opening balance	Increase	Decrease	Closing balance
I. Basic endowment insurance	6,708,104.22	270,340,960.69	270,242,869.68	6,806,195.23
II. Unemployment insurance	289,171.26	10,635,623.86	10,593,553.23	331,241.89
Total	<u>6,997,275.48</u>	<u>280,976,584.55</u>	<u>280,836,422.91</u>	<u>7,137,437.12</u>

22.4 Dismissal welfare

Item	Amount of current payments	Amount due but not yet paid
Compensation for termination of employment	678,595.82	
Total	<u>678,595.82</u>	

23. Taxes payable

Item	Closing balance	Opening balance
1. Enterprise income tax	116,032,612.72	108,087,908.78
2. Value-added tax	48,652,668.81	24,014,349.43
3. Withholding individual income tax	5,527,794.99	7,207,601.88
4. Deed tax	5,847,718.44	2,672,300.00
5. City maintenance and construction tax	3,413,989.84	1,657,557.52
6. Property tax	1,288,867.69	815,045.68
7. Education surcharge	1,475,646.01	716,598.53
8. Land use tax	943,956.91	51,258.19
9. Others	1,122,772.43	579,421.36
Total	<u>184,306,027.84</u>	<u>145,802,041.37</u>

24. Other payables

24.1 Master list

Item	Closing balance	Opening balance
Interest payables	4,521,557.54	3,924,585.00
Other payables	84,171,854.44	42,866,538.73
<u>Total</u>	<u>88,693,411.98</u>	<u>46,791,123.73</u>

24.2 Interest payables

Item	Closing balance	Opening balance
Interest payable on short-term Borrowings	4,521,557.54	3,924,585.00
<u>Total</u>	<u>4,521,557.54</u>	<u>3,924,585.00</u>

24.3 Other payables

Item	Closing balance	Opening balance
Expenses payables	44,839,078.80	27,806,427.41
Payment for equity transfer	34,663,519.48	
Advances and others	3,370,870.09	14,132,335.28
Social Security and Provident Fund	1,298,386.07	881,271.76
Deposits and guarantees		46,504.28
<u>Total</u>	<u>84,171,854.44</u>	<u>42,866,538.73</u>

25. Share capital

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

Note: The Company prepares its consolidated financial statements complied with the principle of accounting treatment for reverse merger. The amount of equity instruments in the consolidated financial statements reflects the par value of shares issued outside before the merger of subsidiary, Offcn Ltd. in law and the amount of equity instruments newly issued in the process of determining the merger cost of the enterprise. On December 27, 2018, the Company completed major assets restructuring with newly issued 5,347,063,429 shares to the restructuring parties, and then the total shares of the Company reached 6,167,399,389. In the preparation of the consolidated financial statements, it is assumed that the reorganizer maintains the same rights and interests in the Company as the reporting entity after the merger, and the capital stock of Offcn Ltd. before the merger is RMB 90,000,000.00, so it is necessary to simulate the issuance of 13,807,623 additional shares, and the total capital stock of Offcn Ltd. after the issuance is RMB 103,807,623.00, which is listed as the share capital of the consolidated financial statements, and the amount of the simulated issuance is correspondingly reduced by the capital reserve RMB 13,807,623.00.

26. Capital reserve

Item	Opening balance	Increase	Decrease	Closing balance
Equity premium	956,481,049.50			956,481,049.50
Other Capital reserve	188,300,000.00	53,800,000.00		242,100,000.00
Total	<u>1,144,781,049.50</u>	<u>53,800,000.00</u>		<u>1,198,581,049.50</u>

Note: The change of "capital reserve - other capital reserve" is mainly caused by share based payments. Please see Note XV. Share-based Payments.

27. Other comprehensive income

Item	Opening balance	Amount before current income tax for the current period	Amount incurred in this period		Less: income tax expenses	Attributable to the parent company, after tax	Attributable to minority shareholders, after tax	Closing balance
			Less: Earned to other comprehensive income in the previous period and transferred to earnings in the current period	Less: Earned to other comprehensive income in the previous period and transferred to earnings in the current period				
1. Other comprehensive income not reclassified into gains or losses	31,987,500.00	7,350,000.00			1,837,500.00	5,512,500.00		37,500,000.00
Changes in the fair value of other equity instruments	31,987,500.00	7,350,000.00			1,837,500.00	5,512,500.00		37,500,000.00
2. Other comprehensive income classified into gains or losses								
Total	<u>31,987,500.00</u>	<u>7,350,000.00</u>			<u>1,837,500.00</u>	<u>5,512,500.00</u>		<u>37,500,000.00</u>

28. Surplus reserve

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

29. Retained earnings

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost of revenue	Revenue	Cost of revenue
Retained earnings at the beginning of the year before adjustment		1,660,363,232.50		507,475,816.28
Adjusting retained earnings at the beginning of the period(Increase +, decrease-)		247,170.28		
Retained earnings at the beginning of the year after adjustment		1,660,610,402.78		507,475,816.28
Add: net profit attributable to shareholders of the Parent Company		1,804,548,688.01		1,152,887,416.22
Less: Appropriation of statutory surplus reserve				
Appropriation of arbitrary surplus reserves				
Dividend payable for ordinary shares		1,418,501,859.47		
Other				
Retained earnings at the end of the year		<u>2,046,657,231.32</u>		<u>1,660,363,232.50</u>

30. Revenue and Cost of revenue

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost of revenue	Revenue	Cost of revenue
Prime operating income	9,119,325,741.43	3,765,351,141.48	6,213,752,973.70	2,533,243,137.03
Including: Education and Training	9,119,325,741.43	3,765,351,141.48	6,213,752,973.70	2,533,243,137.03
Other business	56,804,254.46	47,243,245.07	23,234,838.87	19,109,556.05

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost of revenue	Revenue	Cost of revenue
<u>Total</u>	<u>9,176,129,995.89</u>	<u>3,812,594,386.55</u>	<u>6,236,987,812.57</u>	<u>2,552,352,693.08</u>

31. Taxes and surcharges

Item	Amount for the current period	Amount for the prior period
City maintenance and construction tax	18,428,159.57	13,376,423.42
Stamp tax	15,009,303.05	540,851.84
Education surcharge	13,118,799.94	9,425,216.78
Property tax	5,955,512.56	3,032,234.38
Land holding tax	3,490,394.16	431,610.66
Vehicle usage tax	188,195.28	183,825.31
Others	501,274.68	299,796.76
<u>Total</u>	<u>56,691,639.24</u>	<u>27,289,959.15</u>

32. Selling and marketing

Item	Amount for the current period	Amount for the prior period
Employee's benefits	997,702,180.56	736,218,162.30
Marketing fee	291,604,372.33	219,704,259.70
Rent property, depreciation and amortization expenses	113,285,202.76	77,409,063.66

Item	Amount for the current period	Amount for the prior period
Travel expenses	72,300,626.88	43,029,675.19
Others	8,092,044.25	25,475,140.69
<u>Total</u>	<u>1,482,984,426.78</u>	<u>1,101,836,301.54</u>

33. General and administrative expenses

Item	Amount for the current period	Amount for the prior period
Employee's benefits	772,474,666.68	581,964,095.19
Rental property, depreciation and amortization	98,906,407.56	97,814,160.86
Office expenses	83,342,828.04	72,357,920.08
Share payments	53,800,000.00	53,800,000.00
Travel expenses	46,380,858.89	26,338,853.99
Welfare fee	6,181,511.50	9,449,538.13
Others	37,385,681.29	31,693,563.22
<u>Total</u>	<u>1,098,471,953.96</u>	<u>873,418,131.47</u>

34. Research and development expenses

Item	Amount for the current period	Amount for the prior period
Employee's benefits	658,279,542.88	432,743,932.40
Travel expenses	14,798,355.15	8,736,507.02
Others	24,862,320.33	13,303,921.28

Item	Amount for the current period	Amount for the prior period
<u>Total</u>	<u>697,940,218.36</u>	<u>454,784,360.70</u>

35. Financial expenses

Item	Amount for the current period	Amount for the prior period
Interest expenses	107,847,460.74	12,907,274.76
Less: Interest income	2,451,260.28	50,986,095.04
Service Charges	98,912,315.95	35,550,851.26
<u>Total</u>	<u>204,308,516.41</u>	<u>-2,527,969.02</u>

36. Other income

Item	Amount for the current period	Amount for the prior period
Tax deduction	3,685,465.99	
Employee stabilized subsidy	2,584,908.68	139,275.41
Rent subsidy income	328,500.00	
Location benefit	129,000.00	
Taxpayer subsidy	14,400.00	
Tax handling fee refund	6,808.23	2,145.87
Others	198.91	
<u>Total</u>	<u>6,749,281.81</u>	<u>141,421.28</u>

37. Investment income

Item	Amount for the current period	Amount for the prior period
Investment income on disposal of long-term equity investments		2,424,577.45
Interest income obtained during the period of debt investment holding	75,092,676.43	
Investment income from available-for-sale financial assets		2,000,000.00
Investment income from financial product	184,130,073.02	105,926,458.77
<u>Total</u>	<u>259,222,749.45</u>	<u>110,351,036.22</u>

38. Gains from changes in fair values

Item	Amount for the current period	Amount for the prior period
Financial assets held for trading	1,712,787.50	
<u>Total</u>	<u>1,712,787.50</u>	

39. Impairment losses of credit ability

Item	Amount for the current period	Amount for the prior period
Accounts receivable bad debt losses	143,244.11	
Loss on bad debts of other receivables	-194,490.90	
<u>Total</u>	<u>-337,735.01</u>	

40. Impairment losses of assets

Item	Amount for the current period	Amount for the prior period
Bad debt losses		-298,945.24
<u>Total</u>		<u>-298,945.24</u>

41. Profit on disposal of assets

Item	Amount for the current period	Amount for the prior period
Fixed assets	182,904.69	-141.26
<u>Total</u>	<u>182,904.69</u>	<u>-141.26</u>

42. Non-operating income

Item	Amount for the current period	Amount for the prior period	Amount included in current non-recurring gains and losses
Gains from disposal of non-current assets		67,550.40	
Inc: gains from disposal of fixed assets		67,550.40	
Government subsidy			
Others	2,000.00	697,171.14	2,000.00
<u>Total</u>	<u>2,000.00</u>	<u>764,721.54</u>	<u>2,000.00</u>

43. Non-operating expenses

Item	Amount for the current period	Amount for the prior period	Amount included in current non-recurring gains and losses
External donation	70,000.00	1,112,004.04	70,000.00
Forfeiture and late payments	72,956.87	973.54	72,956.87
Compensation expenses	1,193,903.00		1,193,903.00
Loss of assets, damage		3,663.00	
Others	6,552.38	137,556.45	6,552.38
<u>Total</u>	<u>1,343,412.25</u>	<u>1,254,197.03</u>	<u>1,343,412.25</u>

44. Income tax expenses

44.1 Statement of income tax expenses

Item	Amount for the current period	Amount for the prior period
Income tax expenses	284,784,762.27	186,650,814.94
Current tax expense	298,583,001.18	197,027,999.99
Deferred tax expense	-13,798,238.91	-10,377,185.05

44.2 The reconciliation: From income tax calculated based on the applicable tax rates and total profit presented in the income statement to the income tax expenses

Item	Amount for the current period	Amount for the prior period
Total profit	2,089,327,430.78	1,339,538,231.16
Income tax expenses calculated pursuant to statutory/applicable tax rate(s)	313,399,114.62	200,930,734.67

Item	Amount for the current period	Amount for the prior period
Impact from different tax rates applicable to subsidiaries	-4,485,774.18	-987,082.76
Impact from adjustment to income tax in prior periods	818.15	
Impact from non-deductible cost, expense and loss	10,371,786.41	6,591,245.00
Tax deduction	-34,747,243.80	-22,206,826.45
Impact from using deductible losses of previously unrecognized deferred income tax assets	-2,123,555.33	-602,582.62
The effect of deductible temporary differences or deductible losses of deferred income tax assets not recognized in the current period	2,369,616.40	2,925,327.10
Income tax expenses	<u>284,784,762.27</u>	<u>186,650,814.94</u>

45. Other comprehensive income items and their income tax impact and profit or loss transferred into

For details, please refer to Note VIII (27) "Other comprehensive income" of this report.

46. Notes on Cash Flow Statement Items

46.1 Cash received relating to other operating activities

Item	Amount for the current period	Amount for the prior period
Current account	21,013,208.09	
Deposits and guarantees	12,966,970.83	2,602,934.69
Other income and non-operating income	6,707,550.47	268,971.68
Interest income	2,442,258.77	8,782,220.71

Item	Amount for the current period	Amount for the prior period
Others	117,167.05	
<u>Total</u>	<u>43,247,155.21</u>	<u>11,654,127.08</u>

46.2 Cash paid relating to other operating activities

Item	Amount for the current period	Amount for the prior period
Daily expenses	776,387,546.48	536,701,362.78
Deposits and guarantees	228,169,372.25	
Current account	105,790,520.79	155,500,000.00
Service Charge	98,912,315.95	35,550,851.26
Non-operating expenses	1,343,412.25	1,254,197.03
Reserve	462,505.64	211,476.40
Disbursement fee and others	1,251,691.76	985,270.79
<u>Total</u>	<u>1,212,317,365.12</u>	<u>730,203,158.26</u>

46.3 Cash paid relating to other investing activities

Item	Amount for the current period	Amount for the prior period
Net cash paid for disposal of subsidiaries		3,322,708.32
<u>Total</u>		<u>3,322,708.32</u>

46.4 Cash paid relating to other financing activities

Item	Amount for the current period	Amount for the prior period
Distribution fee		86,000,000.00
Dividend handling fee	1,503,370.80	
<u>Total</u>	<u>1,503,370.80</u>	<u>86,000,000.00</u>

47. Consolidated statement of cash flows

47.1 Supplementary information on the cash flow statement

Supplementary information	Amount for the current period	Amount for the prior period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	1,804,542,668.51	1,152,887,416.22
Add: Provision for impairment losses of assets	337,735.01	298,945.24
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of bearer biological assets	71,901,162.47	46,341,556.76
Amortization of intangible assets	6,922,211.36	6,508,918.44
Amortization of long-term prepaid expenses	83,512,778.76	85,081,732.39
Losses/(gains) on disposal of fixed assets, intangible assets and other long-term asset	-182,904.69	141.26
Losses /(gains) on write-off of fixed assets		-63,887.40
Losses/(gains) on changes in fair values	-1,712,787.50	
Financial expenses/ (income)	107,847,460.74	12,907,274.76

Supplementary information	Amount for the current period	Amount for the prior period
Losses/(gains) arising from investments	-259,222,749.45	-110,351,036.22
Decrease /(increase) in deferred tax assets	-11,463,011.76	-8,190,894.32
Increase/(decrease) in deferred tax liabilities	-2,335,227.15	-2,186,290.73
Decrease /(increase) in inventories	20,062.46	-20,062.46
Decrease /(increase) in receivables from operating activities	-276,297,092.22	-66,907,954.79
Increase/(decrease) in payables from operating activities	896,315,778.65	237,840,517.78
Others(Note)	53,800,000.00	53,800,000.00
Net cash flow from operating activities	2,473,986,085.19	1,407,946,376.93
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	2,724,335,001.58	648,711,545.32
Less: Opening balance of cash	648,711,545.32	189,046,459.85
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	2,075,623,456.26	459,665,085.47

Note: others are share-based payments, the detailed information refer to Note XV “Share-based Payments”.

47.2. Cash and Cash Equivalents

Item	Closing balance	Opening balance
I. Cash	2,724,335,001.58	648,711,545.32
Including: Cash on hand	40,288.16	136,531.09
Cash at bank	2,657,929,052.80	615,383,805.40
Other cash balances	66,365,660.62	33,191,208.83
II. Cash equivalents		
Including: Investments in debt securities		
due within three months		
III. Closing balance of cash and cash equivalents	2,724,335,001.58	648,711,545.32
Including: Cash and cash equivalents with restricted use of parent company or subsidiaries within the group		

48. Restricted Assets

Item	Closing balance	Reason for restriction
Debt investment	1,500,000,000.00	Pledge for borrowings
<u>Total</u>	<u>1,500,000,000.00</u>	

49. Government grants

Details of Government grants

Types	Amount	Item	Amount included in current non-recurring gains and losses

Types	Amount	Item	Amount included in current non-recurring gains and losses
Employee stabilized subsidy	2,584,908.68	Other income	2,584,908.68
Rent subsidy income	328,500.00	Other income	328,500.00
Location benefit	129,000.00	Other income	129,000.00
Taxpayer subsidy	14,400.00	Other income	14,400.00
Others	198.91	Other income	198.91
<u>Total</u>	<u>3,057,007.59</u>		<u>3,057,007.59</u>

Section IX. Changes in the Consolidation Scope

1. Business combinations not under common control

None.

2. Business combinations involving entities under common control

None.

3. Reverse purchase in this issue

None.

4. Disposal of subsidiaries

None.

5. Changes of consolidation scope due to other reasons

The name of the subsidiary	Proportion of shareholding (%)	Reason for changes
Tonghua Offcn Co., Ltd.	100.00	New establishment
Hunan Lightsalt Offcn Co., Ltd.	90.00	New establishment
Tianjin Hexi Offcn Co., Ltd.	100.00	New establishment

The name of the subsidiary	Proportion of shareholding (%)	Reason for changes
Chengdu Offcn Co., Ltd.	100.00	New establishment
Shandong Zuoda Business Management Co., Ltd.	100.00	New establishment
Liaoning Zhongcheng Real Estate Development Co., Ltd.	100.00	Acquisition

6. Others

None.

Section X. Interest In Other Entities

1. Interest in subsidiaries

1.1 Composition of the Company

Name	Location of operation	Place of registration	Nature of business	Proportion of shareholding		Voting rights ratio (%)	Acquisition Method
				Direct	Indirect		
1. Offcn Ltd.	Beijing	Beijing	Service	100.00		100.00	Reverse purchase
2. Yaxia Automobile Wuhu Yawei Services Co., Ltd.	Wuhu	Wuhu	Sales	100.00		100.00	New establishment
3. Yaxia Automobile Ningguo Driver Training Co., Ltd.	Ningguo	Ningguo	Service	100.00		100.00	New establishment
4. Yaxia Automobile Huangshan Fudi Services Co., Ltd	Huangshan	Huangshan	Sales	100.00		100.00	New establishment
5. Yaxia Automobile Chaohu Kaixuan Services CO., Ltd.	Hefei	Hefei	Sales	100.00		100.00	New establishment

Name	Location of operation	Place of registration	Nature of business	Proportion of shareholding		Voting rights ratio (%)	Acquisition Method
				Direct	Indirect		
6. Yaxia Automobile Bozhou Driver Training Co., Ltd.	Bozhou	Bozhou	Service	100.00		100.00	New establishment
7. Yaxia Automobile Suzhou Bokai Services Co., Ltd.	Suzhou	Suzhou	Sales	100.00		100.00	Acquisition
8. Zhejiang Offcn Co., Ltd.	Hangzhou	Hangzhou	Service		100.00	100.00	New establishment
9. Taizhou Offcn Co., Ltd.	Taizhou	Taizhou	Service		100.00	100.00	New establishment
10. Offcn Xinzhiyu Online Technology Co.,Ltd.	Beijing	Beijing	Service		100.00	100.00	New establishment
11. Hulunbuir Hailar Offcn Co., Ltd.	Hulunbeier	Hulunbeier	Service		100.00	100.00	New establishment
12. Xilinhot Offcn Co., Ltd.	Xilinhaote	Xilinhaote	Service		100.00	100.00	New establishment
13. Yueqing Offcn Co., Ltd.	Yueqing	Yueqing	Service		100.00	100.00	New establishment
14. Jiaozuo Offcn Co., Ltd.	Jiaozuo	Jiaozuo	Service		100.00	100.00	New establishment
15. Xinzheng Offcn Co., Ltd.	Zhengzhou	Zhengzhou	Service		100.00	100.00	New establishment
16. Chongqing Jiangbei Offcn Co., Ltd.	Chongqing	Chongqing	Service		100.00	100.00	New establishment
17. Nanning Offcn Co., Ltd.	Nanning	Nanning	Service		100.00	100.00	New

Name	Location of operation	Place of registration	Nature of business	Proportion of shareholding		Voting rights ratio (%)	Acquisition Method
				Direct	Indirect		
							establishment
18. Baiyin Offcn Co., Ltd.	Baiyin	Baiyin	Service	100.00		100.00	New establishment
19. Beijing Xindezhiyuan Enterprise Consulting Co., Ltd.	Beijing	Beijing	Service	100.00		100.00	New establishment
20. Nanjing Huiyue Hotel Management Co., Ltd.	Nanjing	Nanjing	Service	100.00		100.00	Acquisition
21. Shandong Kunzhong Real Estate Co., Ltd.	Jinan	Jinan	Service	100.00		100.00	Acquisition
22. Sanmenxia Offcn Co., Ltd.	Sanmenxia	Sanmenxia	Service	100.00		100.00	New establishment
23. Liaoning Offcn Cultural Exchange Co., Ltd.	Shenyang	Shenyang	Service	100.00		100.00	New establishment
24. Liaoning Offcn Co., Ltd.	Shenfuxinq u	Shenfuxinq u	Service	100.00		100.00	New establishment
25. Tianjing Wuqing Offcn Co., Ltd.	Tianjin	Tianjin	Service	100.00		100.00	New establishment
26. Shandong Offcn Co., Ltd.	Qingdao	Qingdao	Service	100.00		100.00	New establishment
27. Jilin Changyi Offcn Co., Ltd.	Jilin	Jilin	Service	100.00		100.00	New establishment
28. Yuxi Offcn Co., Ltd.	Yuxi	Yuxi	Service	100.00		100.00	New establishment

Name	Location of operation	Place of registration	Nature of business	Proportion of shareholding		Voting rights ratio (%)	Acquisition Method
				Direct	Indirect		
29. Tonghua Offcn Co., Ltd.	Tonghua	Tonghua	Service		100.00	100.00	New establishment
30. Hunan Lightsalt Offcn Co., Ltd.	Changsha	Changsha	Service		90.00	90.00	New establishment
31. Tianjin Hexi Offcn Co., Ltd.	Tianjin	Tianjin	Service		100.00	100.00	New establishment
32. Chengdu Offcn Co., Ltd.	Chengdu	Chengdu	Service		100.00	100.00	New establishment
33. Shandong Zuoda Business Management Co., Ltd.	Rizhao	Rizhao	Service		100.00	100.00	New establishment
34. Liaoning Zhongcheng Real Estate Development Co., Ltd.	Shenfuxinq u	Shenfuxinq u	Real estate		100.00	100.00	Acquisition

1.2 Material non-wholly owned subsidiaries

None.

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

None.

1.4 Major restrictions to use the assets of enterprise and pay off the debts of the enterprise

None.

1.5 Financial support or other support to structuring main body included in the scope of consolidated balance sheet

None.

2. Transactions leading to the change of shareholding in subsidiaries but not losing the control

None.

3. Investment subject

None.

4. Equity in joint venture arrangement or joint venture

None.

5. Significant joint operations

None.

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

None.

7. Other

None.

Section XI. 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) December 31, 2019

Item	Financial assets measured at cost	assets amortized	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Cash and cash equivalents	2,724,335,001.58				<u>2,724,335,001.58</u>
Financial assets held for trading			1,754,396,227.54		<u>1,754,396,227.54</u>
Accounts Receivable	2,721,638.09				<u>2,721,638.09</u>
Other receivables	255,013,296.96				<u>255,013,296.96</u>
Debt investments	1,923,598,909.09				<u>1,923,598,909.09</u>
Other equity instruments				162,800,000.00	<u>162,800,000.00</u>
Other non-current financial assets			138,166,559.96		<u>138,166,559.96</u>

(2) December 31, 2018

Item	Financial assets at fair value through profit or loss	Held-to-maturity investments	Loans and accounts receivables	Available-for-sale financial assets	Total
Cash and cash equivalents			648,711,545.32		<u>648,711,545.32</u>
Accounts			6,804,330.67		<u>6,804,330.67</u>

Item	Financial assets at fair value through profit or loss	Held-to-maturity investments	Loans and accounts receivables	and Available-for-sale financial assets	Total
Receivable					
Other receivables			80,712,327.58		<u>80,712,327.58</u>
Other current assets				2,252,670,000.00	<u>2,252,670,000.00</u>
Available-for-sale financial assets				162,800,000.00	<u>162,800,000.00</u>
Other non-current financial assets			1,800,000,000.00		<u>1,800,000,000.00</u>

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

(1) December 31, 2019

Item	Financial liabilities at fair value through profit or loss	Other liabilities	Total
Short-term borrowings		2,867,000,000.00	<u>2,867,000,000.00</u>
Accounts payables		236,481,990.86	<u>236,481,990.86</u>
Other payables		88,693,411.98	<u>88,693,411.98</u>

(2) December 31, 2018

Item	Financial liabilities at fair value through profit or loss	Other liabilities	Total
Short-term borrowings		1,607,000,000.00	<u>1,607,000,000.00</u>

Item	Financial liabilities at fair		Total
	value through profit or loss	Other liabilities	
Accounts payables		144,564,705.50	<u>144,564,705.50</u>
Other payables		46,791,123.73	<u>46,791,123.73</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 carrying 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 VIII (3) "Accounts receivable" and Note VIII (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	Closing balance
------	-----------------

	Within 1 year	1-5 years	Over 5 years	Total
Short-term borrowings	2,867,000,000.00			<u>2,867,000,000.00</u>
Accounts payable	236,481,990.86			<u>236,481,990.86</u>
Other payables	88,693,411.98			<u>88,693,411.98</u>

Continued table:

Item	Opening balance			Total
	Within 1 year	1-5 years	Over 5 years	
Short-term borrowings	1,607,000,000.00			<u>1,607,000,000.00</u>
Accounts payables	134,564,705.50	10,000,000.00		<u>144,564,705.50</u>
Other payables	46,791,123.73			<u>46,791,123.73</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 XII. 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. Capital management objectives, policies or procedures for 2019 remain unchanged.

Section XIII. Fair Value Disclosure

1.The financial assets and financial liabilities measured at fair value at the end of the reporting period

Item	Closing fair value			Total
	Level 1	Level 2	Level 3	
I、Continuous fair value measurement				
1. Held-for-trading financial asset		1,854,512,787.50	38,050,000.00	<u>1,892,562,787.50</u>
(1) Financial asset at fair value through profit or loss		1,854,512,787.50	38,050,000.00	<u>1,892,562,787.50</u>
① Debt instruments		1,854,512,787.50	38,050,000.00	<u>1,892,562,787.50</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				
2. Receivables for financing				
3. Other debt investments				
4. Other equity instruments			162,800,000.00	<u>162,800,000.00</u>
5. Investment properties				

Item	Closing fair value			
	Level 1	Level 2	Level 3	Total
6. Biological assets				
Total assets measured continuously at fair value		1,854,512,787.50	200,850,000.00	<u>2,055,362,787.50</u>
7. Held-for-trading financial liabilities				
(1) Financial liabilities at fair value through profit or loss				
Including: Issued held-for-trading bonds				
Derivative financial liabilities				
(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

1. Available for sale assets

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 sustainable and non-sustainable fair value measurement items at the first level

None.

3. Sustainable and non-sustainable second-level fair value measurement items, using valuation techniques and qualitative and quantitative information of important parameters

The Company's sustainable second-level fair value measurement items are mainly financial products, The fair value is determined by the discounted cash flow method and the expected rate of return.

4. Sustainable and non-sustainable third-level fair value measurement items, using valuation

techniques and qualitative and quantitative information of important parameters

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 items, adjustment information between beginning and ending book value and sensitivity analysis of unobservable parameters

None.

6. Continuous fair value measurement items, the reasons for the conversion between different levels during the current period, and the policy to determine the conversion point

None.

7. Valuation technical changes 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.

Section XIV. 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 December 31, 2019, their combined shareholding accounted for 60.58% of the Company's share capital.

3. Subsidiaries of the company

The details of the subsidiaries of the Company are detailed in Note X.(1) "Interest in subsidiaries".

4. Joint ventures and associates of the company

None.

5. Other related parties of the company

Name	Relationship
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Name	Relationship
Li Yongxin	The controlling shareholder
Beijing Qianqiu Intelligence Book & Media Co., Ltd.	Actual controller
Beijing Offcn Online Technology Co., Ltd.	Actual controller
Beijing Haidian Offcn Training School	Actual controller
Jinan Offcn Training School	Actual controller
Kunming Wuhua Offcn Training School	Actual controller
Baoding Lianchi Offcn Training School	Actual controller
Beijing Haidian Baoquan Financial Training Centre	Actual controller
Cangzhou Yunhe Offcn Training School	Actual controller
Chengdu Wuhou Offcn Training School	Actual controller
Cifeng Hongshan Offcn Training Centre	Actual controller
Dezhou Offcn Training School	Actual controller
Haikou Meinan Offcn Training School	Actual controller
Handan Congtai Offcn Training School	Actual controller
Hegang Offcn Training School	Actual controller
Heihe Aihui Offcn Training School	Actual controller
Kiamusze Offcn Training School	Actual controller
Leshan Shizhong Offcn Training School	Actual controller
Mudanjiang Offcn Training School	Actual controller

Name	Relationship
Qiaihar Tiefeng Offcn Training School	Actual controller
Shaoyang Shuangqing Offcn Training School	Actual controller
Tangshan Lunan Offcn Training School	Actual controller
Weifang Offcn Training School	Actual controller
Urumqi Shayibake Offcn Training School	Actual controller
Yiyang Heshan Offcn Training School	Actual controller
Shenyang Lijing Pearl Hotel Management Co., Ltd.	Companies controlled by our executives and core employees
Beijing Taifu Hotel Management Co., Ltd.	Companies controlled by our executives and core employees
Beijing Xinshou Fuyuan Plantation	The company controlled by the company's controlling shareholder and actual controller Li Yongxin's spouse Xu Hua
Yaxia Industrial Group Co., Ltd.	Former controlling shareholder of the company
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
Wang Qiang	Independent director of the company
Tong Yan	Independent director of the company
Zhang Xuanming	Independent director of the company
Guo Shihong	Former Supervisor of the Company
Yu Hongwei	Supervisor of the company

Name	Relationship
Li Wen	Supervisor of the company
He Di	Supervisor of the company
Wang Xuejun	Senior management of the company
He Youli	Senior management of the company
Zhang Yongsheng	Former Senior management of the company
Gui Hongzhi	Senior management of the company
Luo Xue	Senior management of the company
Li Lin	The company's core technical staff
Liu Yan	The company's core technical staff
Zhang Hongjun	The company's core technical staff

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

6. Related-party transactions

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
Beijing Taifu Hotel Management Co., Ltd.	Accommodation and catering services	23,189,480.00	19,167,180.00
Tangshan Lunan Offcn Training School	Joint school running	514,563.11	29,760.00

Related parties	Content of related party transaction	Amount for the current period	Amount for the previous period
Chifeng Hongshan Offcn Training Centre	Joint school running	473,378.94	15,000.00
Weifang Offcn Training School	Joint school running	456,310.67	112,441.25
Cangzhou Yunhe Offcn Training School	Joint school running	222,592.25	11,280.00
Kiamusze Offcn Training School	Joint school running	218,446.62	33,000.00
Beijing Haidian Baoquan Financial Training Centre	Joint school running	150,485.44	100,000.00
Mudanjiang Offcn Training School	Joint school running	126,213.59	28,000.00
Shaoyang Shuangqing Offcn Training School	Joint school running	97,087.36	10,000.00
Haikou Meinan Offcn Training School	Joint school running	82,524.29	40,000.00
Dezhou Offcn Training School	Joint school running	77,669.91	129,370.00
Qiqihar Tiefeng Offcn Training School	Joint school running	75,728.16	50,000.00
Beijing Haidian Offcn Training School	Joint school running	73,786.40	
Yiyang Heshan Offcn Training School	Joint school running	73,786.40	21,000.00
Hegang Offcn Training School	Joint school running	62,135.92	28,000.00
Urumqi Shayibake Offcn Training Centre	Joint school running	58,252.43	200,000.00
Heihe Aihui Offcn Training Centre	Joint school running	53,398.06	29,000.00
Chengdu Wuhou Offcn Training School	Joint school running	48,543.69	41,200.00

Related parties	Content of related party transaction	Amount for the current period	Amount for the previous period
Handan Congtai Offcn Training School	Joint school running	48,543.69	18,600.00
Leshan Shizhong Offcn Training School	Joint school running	44,660.20	64,000.00
Baoding Lianchi Offcn Training School	Joint school running		25,690.00
Nanjing Huiyue Hotel Management Co., Ltd.	Accommodation and catering services		339,358.00

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 services	2,499,999.93	2,150,943.40

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 contracting pricing basis	income / income	Annually recognized custody income / contracting income
Li Yongxin	Offcn Ltd.	33 Civil non-schools	19 October 2018	Long term	All reasonable returns on the entrusted assets		411,320.75
<u>Total</u>							<u>411,320.75</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:

Name of lessee	Category	Lease start date	Lease termination date	Rental income pricing basis	Rental income recognised in the current period	Rental income recognised in the previous period
Yaxia Industrial Group Co., Ltd.	operating lease	December 27, 2018	December 26, 2021	Agreed price	18,866,011.25	
<u>Total</u>					<u>18,866,011.25</u>	

6.3.2 The Company as the lessee:

Name of lessor	Category	Lease start date	Lease termination date	Rental fee pricing basis	Rental fee recognised in the current period	Rental fee recognised in the previous period
Shenyang Lijing Pearl Hotel Management Co., Ltd.	Operating lease	1 July 2016	30 June 2026	Agreed price	23,836,000.00	23,268,449.98
Beijing Xinshou Fuyuan Plantation	Operating lease	1 January 2017	31 December 2021	Agreed price	500,000.00	500,000.00
Nanjing Huiyue Hotel Management Co., Ltd. (Note)	Operating lease	1 July 2016	30 June 2026	Agreed price		2,500,000.00
<u>Total</u>					<u>24,336,000.00</u>	<u>26,268,449.98</u>

Note: Offcn Ltd. has acquired Nanjing Huiyue Hotel Management Co., Ltd. on 5 June 2018.

6.4 Related party guarantee

6.4.1 The Company act as the guarantor

None.

6.4.2 The Company is the guaranteed party

guarantor	Guarantee amount	Guarantee start date	Guarantee expiration date	Whether the guarantee has been fulfilled
Li Yongxin	100,000,000.00	13 December 2018	13 December 2019	Yes
Li Yongxin	110,000,000.00	26 December 2018	26 December 2019	Yes
Li Yongxin	360,000,000.00	9 January 2019	9 January 2020	No

Description of related guarantees:

Note 1: On 12 December 2018, Li Yongxin signed an agreement with Huaxia Bank Co., Ltd. Beijing Sidaokou Sub-branch to provide a maximum personal guarantee of RMB 570,000,000.00 for Offcn Ltd.'s short-term borrowing, with the contract number YYB76(Maximum amount guarantee)20180023. The claim period is from 7 December 2018 to 7 December 2019.

On 12 December 2018, Offcn Ltd. signed a borrowing agreement of RMB 100,000,000.00 with Huaxia Bank Sidaokou Sub-branch, with the contract number YYB7610120180011, and the borrowing period was from 13 December 2018 to 13 December 2019. The loan was settled on 13 December 2019.

On 26 December 2018, Offcn Ltd. signed a borrowing agreement of RMB 110,000,000.00 with Huaxia Bank Sidaokou Sub-branch, with the contract number YYB7610120180013, and the borrowing period was from 26 December 2018 to 26 December 2019. The loan was settled on 13 December 2019.

Note 2: On 9 January 2019, Offcn Ltd. and Huaxia Bank Sidaokou Sub-branch signed a borrowing agreement of RMB 360,000,000.00 with contract number YYB7610120180014. The borrowing period is from 9 January 2019 to 9 January 2020, the loan balance as of December 31, 2019 was RMB 360,000,000.00.

6.5 Borrowing from related parties

None.

6.6 Related party assets transfer and debt restructuring

Related party	Related transaction content	Category	pricing principles	Amount for the current period		Amount for the prior period	
				Amount	Proportion	Amount	Proportion
Beijing Huiyouzhiyuan Investment Centre (Limited Partnership)	Transfer shares.	Equity transfer	Agreed price	256,192,287.89	95.65		
Qin Xiaohang	Transfer shares.	Equity transfer	Agreed price	4,351,074.15	1.62		
Li Yongxin	Shares of 33 Civil non-schools	Equity transfer	Agreed price	7,300,000.00	2.73		
Total				267,843,362.04	100.00		

6.7 Key executive compensation

Item	Amount for the current period	Amount for the prior period
Key executive compensation	15,130,286.14	16,583,375.84

6.8 Other related transactions

None.

7. Receivables and payables of related parties

7.1 Accounts receivables

Item	Related party	Closing balance		opening balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable	Beijing Qianqiu Intelligence Book & Media Co., Ltd.			2,280,000.00	

Item	Related party	Closing balance		opening balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable	Anshan Offcn Training School			49,291.89	2,464.59
Accounts receivable	Baoding Lianchi Offcn Training School			7,311.15	365.56
Accounts receivable	Chengdu Wuhou Offcn Training School			15,128.21	756.41
Accounts receivable	Chifeng Hongshan Offcn Training Centre			6,450.72	322.54
Accounts receivable	Chongqing Shapinba Offcn Training School			22,760.93	1,138.05
Accounts receivable	Cangzhou Yunhe Offcn Training School			4,794.48	239.72
Accounts receivable	Dalian Offcn Training School			228,137.16	11,406.86
Accounts receivable	Dezhou Offcn Training School			51,353.44	2,567.67
Accounts receivable	Handan Congtai Offcn Training School			7,952.76	397.64
Accounts receivable	Hegang Offcn Training School			15,885.13	794.26
Accounts receivable	Heihe Aihui Offcn Training Centre			15,848.75	792.44
Accounts receivable	Hohhot Saihan Offcn Training School			48,880.47	2,444.02
Accounts receivable	Haikou Meinan Offcn Training School			26,036.58	1,301.83
Accounts receivable	Kiamusze Offcn Training School			22,648.85	1,132.44
Accounts receivable	Jinzhou Offcn Training School			75,665.62	3,783.28
Accounts receivable	Leshan Shizhong Offcn Training School			37,339.90	1,867.00
Accounts receivable	Mudanjiang Offcn Training School			15,102.66	755.13
Accounts receivable	Qiqihar Tiefeng Offcn Training School			29,280.29	1,464.01

Item	Related party	Closing balance		opening balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable	Xining Offcn Training School			14,628.98	731.45
Accounts receivable	Shenyang Offcn Training School			56,950.90	2,847.55
Accounts receivable	Tangshan Lunan Offcn Training School			12,944.19	647.21
Accounts receivable	Taiyuan Hi-Tech Zone Offcn Training School			703,079.63	35,153.98
Accounts receivable	Weifang Offcn Training School			18,905.56	945.28
Accounts receivable	Urumqi Shayibake Offcn Training Centre			113,742.27	5,687.11
Accounts receivable	Wulin Offcn Training School			1,160,694.74	58,034.74
Accounts receivable	Yiyang Heshan Offcn Training School			13,052.85	652.64
Accounts receivable	Beijing Haidian Baoquan Financial Training Centre			85,544.74	4,277.24
Other receivable	Shenyang Lijing Pearl Hotel Management Co., Ltd.			5,675,200.00	
Total		<u>5,675,200.00</u>		<u>10,814,612.85</u>	<u>142,970.65</u>

7.2 Accounts payable

Item	Related party	Closing balance	opening balance
Accounts payables	Beijing Xinshou Fuyuan Plantation		500,000.00
Total			<u>500,000.00</u>

Note: This report does not include receivables and payables of related parties such as a small amount of employee reserves and employee reimbursement payments that have not yet been issued.

8. Related party commitments

For details of the commitments of related parties, please refer to Note XVI to this report.

9. Other

None.

Section XV. Share-based Payment

1. Overview of share-based payment

Project	Content
Total equity instruments granted in the current year	One million shares

Description of share payments:

On May 22, 2015, Offcn Ltd. held a shareholders' meeting and agreed that Lu Zhongfang, the actual controller of Offcn Ltd., would transferred her shares amounted RMB 700,000.00 to another shareholder, Wang Zhendong (general manager of the Offcn Ltd.) at the price of RMB 700,000.00. Shareholders Liu Bin, Zhang Yongsheng and Guo Shihong respectively transferred RMB 100,000.00 of capital contribution held by them to shareholder Wang Zhendong at the price of RMB 100,000.00.

On August 11, 2015, according to the company's shareholders' committee resolution, the company registered capital added to RMB11,111,111.11, the newly registered capital of RMB 1,111,111.11 shall be contributed by Beijing Aerospace Industry Investment Fund (limited partnership), Beijing Guangyin Venture Capital Investment Center (limited partnership) and Beijing Jirui Technology Innovation Investment Center (limited partnership) in a totally RMB 300,000,000.00, with the corresponding consideration at RMB 270 per share.

From May to August 2015, the company's business model and operating did not change significantly, so the investment price of RMB 270 mentioned as above could be treated as the fair value of the market.

According to the relevant provisions of the CASs, the administrative expenses at RMB 26,900,000.00, RMB 53,800,000.00, RMB 53,800,000.00, RMB 53,800,000.00 and RMB 53,800,000.00 are respectively recognized according to the limitation years of equity incentive, which are limited to years of 2015, 2016, 2017, 2018 and 2019. The administrative expenses amounted RMB 242,100,000.00 are accumulatively recognized and the capital reserves of RMB 242,100,000.00 are increased correspondingly.

2. Equity-settled share payments

Item	Content
Determination of fair value of equity instruments on the grant date	Based on the latest issue of new shares, it is determined to be RMB 270 per share
Basis for determining the number of vested equity instruments	Estimate the number of restricted stocks that can be unlocked based on turnover rate
Reasons for significant differences between the current period's estimates and the previous period's estimates	None.
Accumulated amount of equity-settled share-based payments included in capital reserve	269,000,000.00
Total expenses recognized for equity-settled share-based payments in the current period	53,800,000.00

Equity-settled share-based payments: The granting date of the equity incentive plan was after the shareholders' meeting reviewed and approved the incentive plan (May 22, 2015), and the incentive share agreement was transferred to Wang Zhendong, and Offcn Ltd. completed the industrial and commercial registration of changes. As of the date (July 23, 2015), the grant of the granted equity was completed. The equity incentive requires Wang Zhendong to commit to working in the company for a continuous period of five years from the date of the grant. If Wang Zhendong transfers his limited share in Offcn Ltd. within five years, it shall be transferred to Lu Zhongfang and the person designated by Lu Zhongfang. The price of Wang Zhendong's resignation or transfer of his limited shares in Offcn Ltd. during the above period shall be based on the original cost of Wang Zhendong's acquisition of the limited shares in Offcn Ltd., plus the interest rate of 6% per year, excluding all dividends accumulated over the years (calculated as the amount excluding tax). Prior to the release of the restriction, Wang Zhendong shall not have the right to vote or dispose of the company's shares indirectly held by him (including the right to mortgage, pledge and transfer). If its voting right is irrevocable, it shall entrust Offcn Ltd. to exercise it; The part of the dividend in its income shall be paid by Offcn Ltd. to Wang Zhendong at the appropriate time.

After the major asset restructuring of the company, all shareholders of Offcn Ltd. became shareholders of the company, and Wang zhendong also became shareholders of the company. Therefore, Wang Zhendong, Lu Zhongfang and Offcn Ltd. in the supplementary agreement after completion of the reorganization, agreed, after the completion of the transaction Wang Zhendong become shareholders of the

company, since 1 June 2015 within five years, will continue to serve the Offcn Ltd., can not leave, do not transfer in the meantime its holdings of shares of the company to the public. If he leaves during this period, he will still have to pay a total of RMB 269 million for the difference of equity transfer to Lu zhongfang, Liu bin, Zhang Yongsheng and Guo Shihong .

Section XVI. Commitments and Contingencies

1. Important commitments

Pursuant to the Profit Forecast Compensation Agreement signed between the Company and the eight natural person shareholders of Offcn Ltd. (Lu Zhongfang, Li Yongxin, Wang Zhendong, Guo Shihong, Liu Bin, Zhang Yongsheng, Yang Shaofeng, Zhang Zhian) on May 4, 2018, the compensation obligors confirm and promise that after the completion of the major assets restructuring, the net profits attributable to the shareholders of the parent company after deducting non-recurring profits and losses under the consolidated statements of Offcn Ltd. shall not be less than RMB 930 million, RMB1.3 billion and RMB1.65 billion in years of 2018, 2019 and 2020 respectively. If the certified public accountant confirms that the actual net profits accumulated by Offcn Ltd. fall beneath the aggregate committed net profits as of the end of any of the three fiscal years, each compensation obligor shall assume the compensation obligation according to the proportion of the shares to the total shares of Offcn Ltd. held by all the compensation obligors before the transaction. All compensation obligors are given priority to conduct compensation with shares. When the total amount of share compensation reaches 90% of the total number of shares issued to purchase assets, all compensation obligors shall conduct compensation in cash.

2. Contingency

None.

Section XVII. Events Subsequent to the Balance Sheet Date

1. Significant unadjusted events

None.

2. Profit distribution

On 9 March 2020, the board of directors of the Company proposed that the Company, based on the total share capital of 6,167,399,389 shares, distribute a cash dividend of RMB 2.40 (including tax) to all shareholders for every 10 shares, for a total of RMB 1,480,175,853.36 . This proposal is yet to be approved by the shareholders' meeting. The cash dividend proposed after the balance sheet date is not recognized as a liability on the balance sheet date.

3. Sales return

None.

4. Other

None.

Section XVIII. Other Significant Events

1. Debt Restructuring

None.

2. Asset replacement

None.

3. Pension 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	9,119,325,741.43	6,213,752,973.70
Including: Education and training	9,119,325,741.43	6,213,752,973.70
Other businesses	56,804,254.46	23,234,838.87
Total	<u>9,176,129,995.89</u>	<u>6,236,987,812.57</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	9,176,129,995.89	6,236,987,812.57
<u>Total</u>	<u>9,176,129,995.89</u>	<u>6,236,987,812.57</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

No capitalized borrowing costs happened during the reporting period.

7. Foreign currency translation

None.

8. Lease

8.1 Financial leases.

None.

8.2 Operating Leases

(1) The Company's rent-out assets as lessor are listed as follows:

Classification	Closing balance	Opening balance
Buildings	328,663,816.84	335,928,506.34
Land use rights	359,811,236.69	366,563,537.43
Construction in progress		71,050,324.88
<u>Total</u>	<u>688,475,053.53</u>	<u>773,542,368.65</u>

(2) The Company's minimum lease payments as lessee are summarized as follows:

Remaining lease term	Minimum lease payments
Within 1 year (inclusive)	183,187,049.40
1-2 years (inclusive)	221,180,212.15
2-3 years (inclusive)	172,208,663.03
Over 3 years	304,560,781.48
<u>Total</u>	<u>881,136,706.06</u>

8.5 Disclosure of important terms in each sale and leaseback transaction and its contract

None.

Section XIX. Notes to the Company's Financial Statements

1. Other receivables

1.1 Classified listing

Item	Closing balance	Opening balance
Dividends receivables	1,700,000,000.00	1,550,000,000.00
Other receivables	17,949,520.99	534,332,624.85
<u>Total</u>	<u>1,717,949,520.99</u>	<u>2,084,332,624.85</u>

1.2 Dividends receivables

Investee	Closing balance	Opening balance
Offcn Ltd.	1,700,000,000.00	1,550,000,000.00
<u>Total</u>	<u>1,700,000,000.00</u>	<u>1,550,000,000.00</u>

1.2.2 Important dividend receivable over one year

None.

1.3 Other receivables

1.3.1 Disclosure by aging

Aging	Closing balance	Opening balance
Within 1 year	17,949,520.99	534,332,624.85
Total	<u>17,949,520.99</u>	<u>534,332,624.85</u>

1.3.2 By nature of payment

Item	Closing balance	Opening balance
Current account	17,943,920.99	
Deposits and guarantees	5,600.00	
Expenditure on assets pending collection		534,332,624.85
<u>Total</u>	<u>17,949,520.99</u>	<u>534,332,624.85</u>

1.3.3 Bad debt provision

None.

1.3.4 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
Yaxia Automobile Bozhou Driver Training School	Current account	9,811,756.63	Within 1 year	54.67	

Creditor	Nature of payment	Closing balance	Aging	Percentage of total		Bad debt provision
				other receivables (%)		
Yaxia Automobile Wufu Yawei Services Co., Ltd.	Current account	3,084,160.61	Within 1 year	17.18		
Yaxia Automobile Suzhou Bokai Services Co., Ltd.	Current account	2,990,829.21	Within 1 year	16.66		
Yaxia Automobile Huangshan Fudi Services Co., Ltd.	Current account	1,836,463.85	Within 1 year	10.23		
Yaxia Automobile Caohu Kaixuan Services Co., Ltd.	Current account	220,710.69	Within 1 year	1.23		
Total		<u>17,943,920.99</u>		<u>99.97</u>		

2. Long-term equity investments

Item	Closing balance		Opening balance			
	Carrying amount	Provision for impairment	Net carrying amount	Carrying amount	Provision for impairment	Net carrying amount
Investment in subsidiaries	18,582,307,907.14		18,582,307,907.14	18,582,307,907.14		18,582,307,907.14
Total	<u>18,582,307,907.14</u>		<u>18,582,307,907.14</u>	<u>18,582,307,907.14</u>		<u>18,582,307,907.14</u>

Item	Opening balance	Changes in the current period (+, -)					Closing balance
		Issue new shares	Bonus share	Capital reserve converted into share capital	other	Total	
1、 Shares with limited sale conditions	5,461,996,948.00				-114,933,519.00	-114,933,519.00	5,347,063,429.00
1.1 Other domestic shares	5,461,996,948.00				-114,933,519.00	-114,933,519.00	5,347,063,429.00
Inc: Domestic legal person shares	534,706,341.00						534,706,341.00
Domestic natural person holdings	4,927,290,607.00				-114,933,519.00	-114,933,519.00	4,812,357,088.00
2、 Shares in circulation without restrictions on sale	705,402,441.00				114,933,519.00	114,933,519.00	820,335,960.00
common stock	705,402,441.00				114,933,519.00	114,933,519.00	820,335,960.00
Total	<u>6,167,399,389.00</u>						<u>6,167,399,389.00</u>

4. Revenue and Cost of revenue

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost of revenue	Revenue	Cost of revenue
Prime operating income			147,661,522.84	138,111,971.06
Other businesses	14,647,786.07	11,332,163.09	57,800,137.87	1,846,411.74
Total	<u>14,647,786.07</u>	<u>11,332,163.09</u>	<u>205,461,660.71</u>	<u>139,958,382.80</u>

5. Investment income

Item	Amount for the current period	Amount for the prior period
Income from long-term equity investments under cost method	1,700,000,000.00	1,742,740,000.00
Investment income from disposal of long-term equity investment		68,464,613.94
Investment income from holding available-for-sale financial assets		1,248,000.00
Investment income from disposal of available-for-sale financial assets		13,124,459.19
Investment income from Financial product	30,534.61	
<u>Total</u>	<u>1,700,030,534.61</u>	<u>1,825,577,073.13</u>

Section XX. 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 listed as follows:

Breakdown of non-recurring profit and loss	Amount	Description
(1) Profit and loss on disposal of non current assets	182,904.69	
(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)	472,098.91	
(4) Capital occupation fees charged to non-financial enterprises included in the current profit and loss		

Breakdown of non-recurring profit and loss	Amount	Description
(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	184,130,073.02	
(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	1,712,787.50	
(15) Receivables and contract asset impairment reserves that are individually tested for impairment are reversed.		
(16) Gains and losses from external entrusted loans		
(17) Gains and losses from changes in the fair value of investment real estate that are subsequently measured at the fair value model		

Breakdown of non-recurring profit and loss	Amount	Description
(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	411,320.75	,
(20) Non-operating income and expenses other than the above	-1,341,412.25	
(21) Other profit and loss items that meet the definition of non-recurring profit and loss	-53,800,000.00	
Total non-recurring profit and loss	131,767,772.62	
Less: Amount of income tax impact	27,588,747.77	
Non-recurring profit and loss after deducting income tax effects	104,179,024.85	
Inc: Non-recurring profit and loss attributable to owners of the parent company	104,179,024.85	
Non-recurring profit and loss attributable to minority shareholders		

Note: Other profit and loss items that meet the definition of non-recurring gains and losses are mainly share payments expenses. For details, please refer to Note XV.

2. Return on equity and earnings per share

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the company	60.71	0.29	0.29
Net profit attributable to ordinary shareholders of the company after deducting non-recurring gains and losses	57.20	0.28	0.28

Note: In order to ensure the comparability of financial data, the weighted average return on net assets of the current period is not overestimated. The net assets attributable to shareholders of listed companies at the end of the previous year used in the calculation are the opening balance of 2019 after the adjustment of the new financial instrument standards, not the balance as of December 31, 2018.

Chapter XIII. Documents Available for Reference

- I. The full text of 2019 Annual Report signed by Wang Zhendong, the Company's legal representative.
- II. The financial statement signed and sealed by the legal representative, the person in charge of accounting work and the person in charge of accounting department (the accounting person).
- III. The original copy of audit report sealed by the accounting firm, and signed and sealed by the certified public accountant.
- IV. The original copies of all the documents of the Company which have been disclosed in newspapers designated by the China Securities Regulatory Commission during the reporting period.
- V. The place where the above-mentioned documents are maintained: the office of the Company's Secretary of the Board .