



OFFCN EDUCATION TECHNOLOGY CO., LTD.

2020 Semi-Annual Report

Stock Code: 002607

Stock Abbr.: OFFCN EDU

August, 2020

Chapter I. Important Notes, Contents and Definitions

Whether directors, supervisors or senior managers have any objection to the contents of this semi-annual report or cannot guarantee its authenticity, accuracy and completeness.

☐ Yes ☒ No

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 this semi-annual report without misrepresentations, misleading statements, or material omissions, and bear individual and joint legal liabilities.

Wang Zhendong, the Company's legal representative, Shi Lei, the responsible 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 semi-annual report is authentic, accurate and complete.

All directors attended the board meeting approving this semi-annual report.

Non-standard audit report

☐ Applicable ☒ Not applicable

Risk tips of the future planning involved in the semi-annual report

☒ Applicable ☐ Not applicable

The forward-looking statements on future plans involved in this semi-annual report do not constitute a substantial commitment to investors. Please pay attention to the potential investment risks.

Whether the Company needs to comply with the disclosure requirements of a particular industry.

No

Plan of semi-annual profit distribution or plan of increasing share capital by converting capital reserves reviewed by the board of directors within reporting period.

☐ Applicable ☒ Not applicable

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

Note: The Company's 2020 semi-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 Zhi'an
This major assets restructuring, This transaction, This restructuring	Base on the assessment, Yaxia Auto takes all assets and liabilities other than retained assets as the exchange-out assets to swap the equivalent portion of 100% equity of Offcn which held by Li Yongxin and other 10 counterparties, and the swapping deficiency is settled by issuance of Yaxia Auto shares according to the proportion of shareholding. At the same time, Yaxia Industrial transfers 80,000,000 and 72,696,561 Yaxia Auto shares to Offcn Partnership and Li Yongxin respectively. All shareholders of Offcn entrust Yaxia Auto to directly deliver the exchange-out assets to Yaxia Industrial or its designated third party as the consideration for the transfer of 80,000,000 shares to Offcn Partnership, and Li Yongxin offers RMB1 billion in cash as the consideration for the transfer of 72,696,561 shares.
Retained Assets	In this transaction, the retained assets of the listed Company as of the evaluation base date, including: 18% shares of Shanghai Zuihuibao Network Technology Co., Ltd. 7.81% shares of Anhui Ningguo Rural Commercial Bank Co., Ltd.; 12 cases of state-owned land use rights and attached properties and construction in process on the land.
Exchange-out Assets	All assets and liabilities of Yaxia Auto except retained assets
Yaxia Industrial	Anhui Yaxia Industrial Co., Ltd.
Phase I Employee Stock Ownership Plan	Phase I employee stock ownership plan of Yaxia Auto Co., Ltd.
Yaxia Industrial and Persons Acting in Concert	Yaxia Industrial, Zhou Xiaoyun, Zhou Hui, Zhou Li, Phase I employee stock ownership plan
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

Term(s)	Definition
	undertake 80,000,000 shares of the listed Company transferred by Yaxia Industrial.
Offcn Ltd. Beijing Offcn Predecessor of Beijing Offcn	Beijing Offcn Education Technology Co., Ltd. (predecessor: Beijing Offcn Education Technology Stock Co., Ltd.)
Profit forecast compensation agreement	Profit forecast compensation agreement signed by Yaxia Auto and Lu Zhongfang, Li Yongxin, Wang Zhendong, Guo Shihong, Liu Bin, Zhang Yongsheng, Yang Shaofeng, Zhang Zhi'an.
CSRC	China Securities Regulatory Commission
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
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 (including but not limited to video, audio., PPT, animation, etc.) on the Internet within a fixed time. During the teaching process, interaction among 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	Stock Code	002607
Stock Abbreviation after Changed			
Stock Exchange	Shenzhen Stock Exchange		
Name of the Company in Chinese	中公教育科技有限公司		
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		

Note: if the stock abbreviation of the Company changes during the period from the end of the reporting period to the disclosure date of the semi-annual report, the changed stock abbreviation shall be disclosed at the same time.

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. Other information

1. Company contact information

Whether the Company's registered address, office address and its postal code, website and/or email address changed during the reporting period

☐ Applicable ☒ Not applicable

The Company's registered address, office address and its postal code, website and email address remain the same during this reporting period. Details can be found in 2019 Annual Report.

2. Location of information disclosure and storage

Whether location of information disclosure and storage changed during the reporting period

☐ Applicable ☒ Not applicable

The newspaper designated by the Company for information disclosure, website designated by CSRC for semi-annual report publishing, and storage location of this semi-annual report remain the same during the reporting period. Details can be found in 2019 Annual Report.

3. Other relevant information

Whether other relevant information changed during the reporting period

☐ Applicable ☒ Not applicable

Section IV. Key accounting information and financial indicators

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

☐ Yes ☒ No

	Current reporting period	Same period of the previous year	Increase/decrease in current reporting period over same period of the previous year
Revenue (RMB)	2,807,980,480.60	3,637,419,515.48	-22.80%
Net profit attributable to shareholders of the listed Company (RMB)	-233,026,645.16	493,025,465.15	-147.26%
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains or losses (RMB)	-367,542,382.83	472,434,917.34	-177.80%
Net cash flow from operating activities (RMB)	4,063,675,504.19	4,354,766,798.53	-6.68%
Basic earnings per share (RMB/share)	-0.040	0.08	-150.00%
Diluted earnings per share (RMB/share)	-0.040	0.08	-150.00%
Weighted average return on assets	-9.00%	16.56%	-25.56%

	End of current reporting period	End of the previous year	Increase/decrease at the end of this reporting period over end of the previous year
Total assets (RMB)	13,263,976,215.43	9,960,705,427.94	33.16%
Total net assets attributable to shareholders of the listed Company (RMB)	1,745,243,405.30	3,431,545,903.82	-49.14%

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 share capital:

Dividend paid for preferred shares	0.00
Fully diluted earnings per share using latest share capital (RMB/share)	-0.0378

Section V. 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 VI. Items with non-recurring gains or losses and the amounts

☒ Applicable ☐ Not applicable

Unit:RMB

Items	Amount	Note
Disposal gains or losses of non-current assets (including the offset part of the provision for asset impairment)	162,043.59	
Tax refunds, reductions and exemptions with unauthorized approval or without formal approval documents		
Government subsidies included in the current gains and losses (closely related to the business of the enterprise, except for government subsidies that are fixed or quantified in accordance with national unified standards)	169,304.01	
Capital occupation fee charged to non-financial enterprises included in current gains or losses		
Profits derived from the fair value of identifiable net assets when the investment cost from the subsidiaries, associates and joint ventures is less than the investment.		
Gains or losses from the exchange of non-monetary assets		
Gains or losses from entrusting others to invest or manage assets	90,927,476.86	
Provisions for impairment of any asset due to force majeure factors, such as natural disasters		
Gains or losses from debt reconstruction		
Enterprise restructuring expenses, such as personnel placement expenses, integration expenses, etc.		
Gains or losses from the excess of the unfair transaction price over the fair value		
Net profits or losses in the current period from the beginning of the period to the date of the merger arising from a business combination under common control		
Gains or losses arising from contingent events unrelated to the Company's normal business operations		
Gains and losses on changes in fair value arising from the possession of transactional financial assets, derivative financial assets, transactional financial liabilities, and derivative financial liabilities; and the investment income from the disposal of transactional financial assets, derivative financial assets,		

transactional financial liabilities, derivative financial liabilities and other debt investments except the effective hedging business related to the company's normal business operations.		
The reverse of receivables and the provision for contract assets impairment which are tested for impairment separately		
Gains or losses from external entrusted loans		
Gains or losses arising from changes in the fair value of Investment properties that are subsequently measured at the fair value model		
The impact of a one-off adjustment on the current gains or losses according to the requirements of taxation, accounting and other laws and regulations		
Custody income from entrusted operations		
Other non-operating income and expenses except for the items above	-93,154.28	
Other gains or losses items that meet the definition of non-recurring gains and losses	43,350,067.49	
Less: Impact on income tax		
Impact on minority shareholders' equity (after tax)		
Total	134,515,737.67	--

Provide explanations for classifying items of non-recurring gains and losses defined or listed in the Explanatory Announcement No. 1 for Public Company Information Disclosures – Non-recurring Gains and Losses as items of recurring gains and losses.

☐ Applicable ☒ Not applicable

The Company has no non-recurring gains and losses items that are defined or listed in the Explanatory Announcement No. 1 for Public Company Information Disclosures – Non-recurring Gains and Losses during the reporting period.

Chapter III. Corporate Business Summary

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

Offcn Edu is a leading full-category vocational education institution in China, and it is also the pioneer and leader in the field of recruitment examination training. the Company's main business covers three major sectors including recruitment examination training, academic qualification preparation and vocational training, and it provides more than 100 categories of comprehensive vocational training services. The Company operates in more than 1,300 outlets across the country, covering more than 300 prefecture-level cities, and is rapidly expanding into thousands of counties and universities.

Offcn Edu mainly serves knowledge-based employment population including college students, university graduates, and various professionals, ranging from age 18 to 45. Employment and vocational improvement are their two core demands. Vocational skills determines labor productivity which is the key to China's success in overcoming the “middle income trap”. 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.

Currently, Offcn Edu has a large-scale full-time R&D team of more than 2,700 people, a large-scale teacher team of more than 18,000 people, and a total staff of more than 41,000 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.



Section II. Major Changes in Key Assets

1. Major Changes in Key Assets

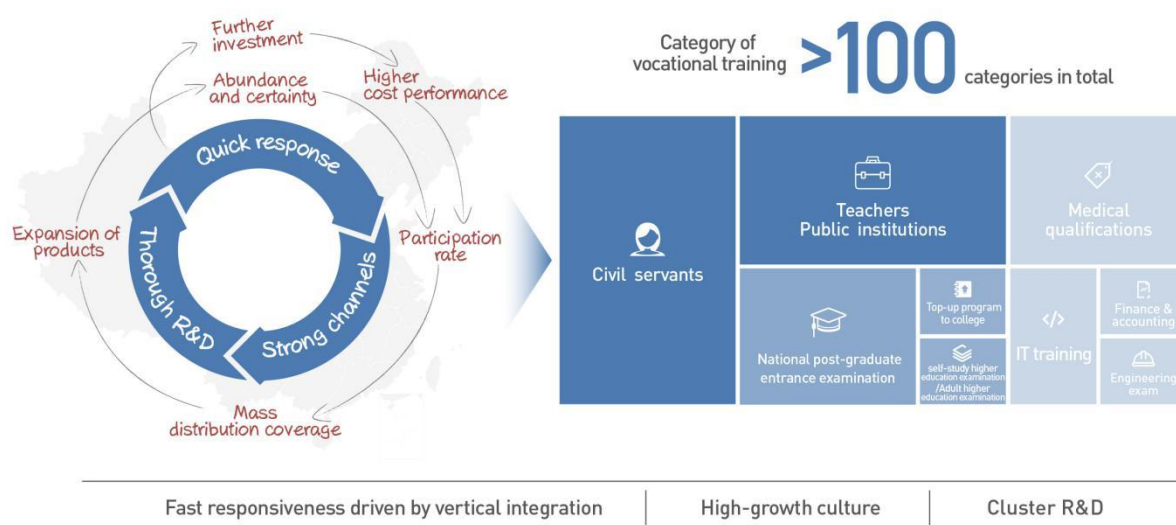
Key Assets	Description on major Changes
Equity assets	No major changes
Fixed assets	No major changes
Intangible assets	No major changes
Construction in progress	No major changes
Accounts Receivable	Mainly due to the increase in rent receivable
Other receivables	Mainly due to deposits, guarantees, and intention fee for land purchase
Other current assets	Mainly due to the increase in the prepaid rent and property fee
Deferred tax assets	Mainly due to the payment of unpaid remuneration of the previous year
Other non-current assets	Mainly due to the prepayment of 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. 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 2,700 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 supports the Company's sustainable high growth structurally and efficiently.

The high operation efficiency far beyond the general industries is a necessity to realize scale economy and establish competitive barrier in the decentralized market. Therefore, vertical integrated 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 1,300 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

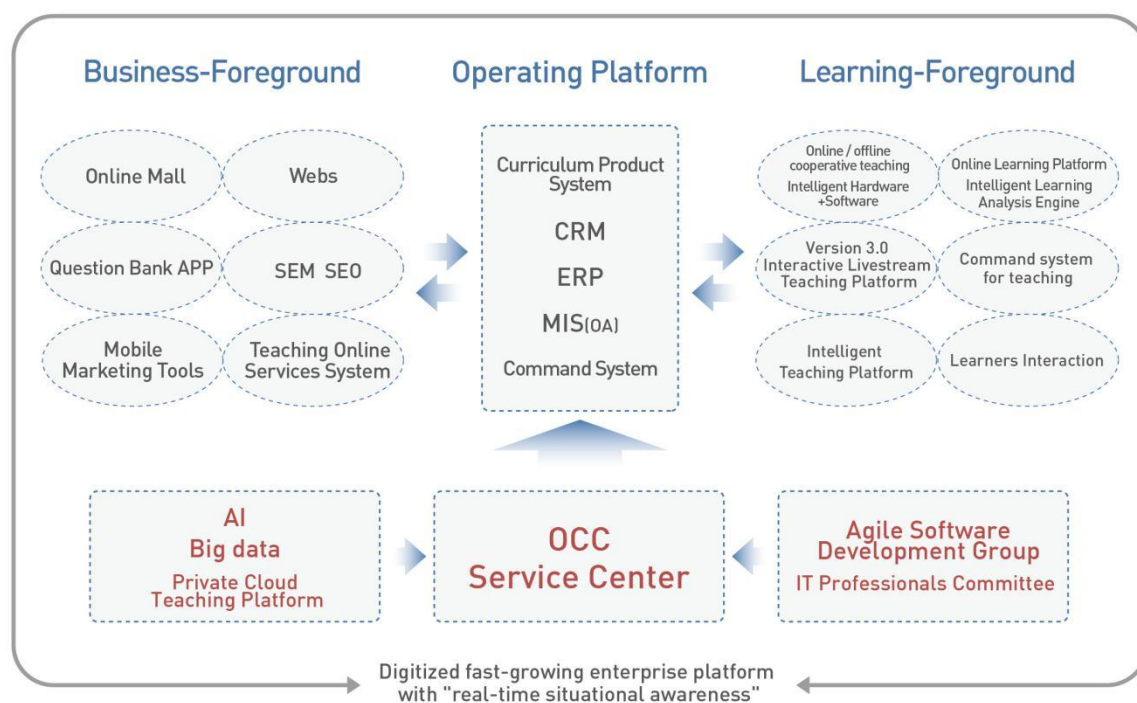
Investment capacities between multi-categories gets accumulated and superposed, and the flywheel effect of

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 .

At present, the flywheel effect of growth has expanded to involve the three sectors of recruitment examination training, academic qualification preparation and vocational training, and magnified the Company's growth prospects step by step. The sector of academic qualification preparation will become an important impetus for growth in 3 to 5 years while the sector of vocational 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 kindness and altruism allow the Company to maintain strong organizational cohesion in high growth

As a knowledgeable staff-intensive vocational education institution, the Company has established a concise and effective corporate culture in the long journey of arduous entrepreneurship, with the core value of “Be Kind & Do Right” and advocating altruism. Not only has it become a company system, but also the founding team has taken the lead to set an example, driven it step by step, and unswervingly implemented it in the operation, making the values of Offcn Edu ubiquitous and flourishing in the enterprise. This distinctive and tangible corporate culture allows the company to maintain strong organizational cohesion 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 Edu has fully utilized the Company's advantages of knowledge, theory, and technology and actively promotes and implements the Party's political routes, principles, and policies to employees and students. Meanwhile, Offcn Edu 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 June 30, 2020, the Company had more than 10,000 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

In the first half of this year, the outbreak of the pandemic led to the national suspension from work and classes. As a result, a large number of recruitment examinations were postponed. These significant changes have had a huge impact on the entire education and training industry. With the gradual lifting of the pandemic, the industry has fully recovered and achieved rapid growth.

In response to the new situation after the pandemic, the central government put forward policies to ensure stability and security in six areas (Ensure stability in employment, financial operations, foreign trade, foreign investment, domestic investment, and expectations; ensure security in job, basic living needs, operations of market entities, food and energy security, stable industrial and supply chains, and the normal functioning of primary-level governments). These policies make the "employment" a top priority, which is evident in three measures. The first is to expand employment in public sectors. The number of civil servants, governmental institutions, state-owned enterprises and other recruitment increased by more than 20% year-on-year. The second is to expand admissions of postgraduate students, college students applying for university study, students pursuing second bachelor's degrees, and students aimed at vocational education, the number of whom has reached 1.7 million. These measures indicate a clear expansion trend in the mid-term and long-term recruitment sector. In this case, the education and training industry will still be developing at a medium and high speed in the next 5 to 10 years.

Faced with the sudden outbreak of the pandemic, which had a huge impact on the operating environment, the Company responded quickly and effectively to maximize the enterprise's strengths of digital resources, to considerably increase the total number of online classes, and to fully explore the potential of online and offline curriculum integration, which not only ensures the continuity of operation and teaching, but also strengthens the enterprise's leading force of online and offline curriculum integration, an innovative product. Besides, the Company continues to expand teacher-reserve and branches, focusing on the long-term expansion trend. Due to the postponement of related examinations, part of the revenue was delayed for nearly 4 months, which made the Company's recognized operating revenue decreased during the reporting period, compared with the same period of last year. With the resumption of all kinds of recruitment examinations, the Company has entered a period of explosive growth.

The number of college graduates reached 8.74 million in this year of 2020, creating a new record. However, the nationwide pandemic has further increased employment pressures. Two decades after the expansion of university enrollment, the employment population structure has undergone significant changes, and the number of college graduates has reached more than half of the total of new employees. The focus of stabilized employment will also be shifted from the general job seekers to college graduates.

With the changes of the international situation, the central government put forward a new policy of internal

circulation; and an important support for the development of internal circulation is the new urbanization. The new urbanization is not only the reconfirmation of the trend of mid-term and long-term urbanization, but also the refinement of the urbanization path, which presents diverse patterns of urban clusters with different levels, such as metropolitan areas, central cities, counties, featured towns ,etc, which can further expand the development space. More importantly, the new urbanization will also be a deepening process and the most important aspect of which is the deepening and upgrading of public services. Therefore, the following expansion of public sector's recruitment will be strongly guided by the new policy on internal circulation..

1. The postponement of recruitment examinations result in the delay of income recognition, but the trend of enrollment expansion is again confirmed.

The civil servant provincial joint examination was postponed for nearly 4 months, and other recruitment examinations were also postponed to a certain extent in the first half of this year. In the case that the agreement class accounted for a relatively high proportion, the delay of the examination resulted in a significant discrepancy between the level of revenue recognition for the reporting period and that of actual operation. During the reporting period, the Company achieved a total income of RMB 2,807,980,480.60 , down 22.80% from RMB3,637,419,515.48 in the same period of last year.

Contrary to the decrease in recognized revenue, the number of students increased by 37.08% year-on-year, from 1,788,952 to 2,452,252 during the reporting period; the contract liabilities (advanced payment after deducting the VAT) was RMB 7,222,148,935.39, an increase of 31.50% over the same period of last year.

Normally, the first half of the year is an intensive period for civil service examinations. As a result of the pandemic, the focus of the civil service examinations was delayed by 3-4 months and moved back to the second half of the year. Nevertheless, not only did the examination resume successfully, but the number of recruits also achieved a more consistent or even higher growth rate than expected. Compared with civil servants recruitment, there is much more room for recruitment in public services such as teachers, doctors and police. Therefore, the reconfirmation of expansion trend in civil servants recruitment clearly indicates the expansion trend in the recruitment of public service categories.

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

Item	Indicators	At the end of the reporting period	At the end of last year	Change at the end of this reporting period compared with the end of last year
Operating resources	Directly operated branches	1,335	1,104	20.92%
	Employees	41,911	35,209	19.03%
	R&D personnels	2,702	2,051	31.74%
	Teaching professionals	18,036	13,475	33.85%

Item	Indicators	At the end of the reporting period	Same period last year	Year-on-year change (%)
Business & Revenues	Revenue of face-to-face training (RMB)	1,622,095,227.36	3,167,825,822.38	-48.79%
	Revenue of online training (RMB)	1,166,091,772.30	444,519,141.21	162.33%
	Training Students	2,452,252	1,788,952	37.08%
	Revenue (RMB)	2,807,980,480.60	3,637,419,515.48	-22.80%
	Net profits Attributable to Shareholders of the Company(RMB)	-233,026,645.16	493,025,465.15	-147.26%

2. The outbreak of Covid-19 is preventable, controllable, and predictable, and the Company has established a comprehensive response system as a countermeasure, which greatly enhanced its leading force in education and training industry.

The outbreak of the pandemic has caused great distress to the whole education industry. With the advantages of the enterprise's platform and its excellent execution, the Company quickly created an effective response system, which not only enabled itself to go through the special period smoothly, but also took the opportunity to expand its leading force and dominance.

In response to the problem that face-to-face teaching could not be carried out smoothly within a certain period of time, the Company made every effort to explore the digital resources in the enterprise platform. With the advantageous and standardized teaching and researching ability as a lever, digital penetration is carried out on the main course products, which again strengthens the leading advantage of online and offline integrated curriculum, so that more students can obtain the convenience of online learning and the effectiveness of face-to-face learning at the same time. As a result, the number of students in the reporting period increased significantly.

After the second quarter, with the pandemic gradually put into normalized prevention and control, people all over the country return to work and production. The second round of the epidemic in Beijing, Dalian and other places has been controlled rapidly and effectively, which once again reflects the relevant judgment that the pandemic is preventable, controllable and predictable.

3. Focusing on the future long-term growth, the Company significantly expands talent reserve and branches, though moving against general trend.

Based on a clearer med-term and long-term trends in recruitment expansion and the expectation that the pandemic can be prevented and controlled, the company did not reduce the number of staff or eliminate branches but considerably expanded talent reserve and the scale of branches.

At the end of this reporting period, the total number of employees of the company was 41,911, an increase of 6,702 compared with 35,209 in 2019, an increase of 19.03%. Among them, there are 18,036 teaching professionals, 4,561 more than 13,475 in 2019, an increase of 33.85%. There are 2,702 full-time R&D personnels, 651 more than 2,051 in 2019, an increase of 31.74%.

There are 1,335 outlets, 231 more than 1,104 in 2019, an increase of 20.92%.

4. The “take-off action” of the new business sector has been fruitful, and the capacity of talent reserve has been gradually released.

During the reporting period, new businesses such as postgraduate entrance examinations and medical services still remained highly active, and new businesses seldom adopted the product model of agreement classes. The revenue recognition was not affected by examination delays, thus driving the comprehensive sequence in which they were located with revenue increased by 26.04% year-over-year increase. At the same time, as delays of recruitment examinations led to a decrease in revenue recognition of the relevant sequences, the revenue share of integrated sequence increased to 34.58 percent from 21.18 percent in the same period of last year.

Around 2019, the Company completed a round of intensive investments in resources of the active new businesses, especially in key categories such as postgraduate entrance examinations to achieve the leading scale of core teaching and research resources at one time. In addition, starting from the second half of 2019, the Company has taken "take-off action" for the new business segments, investing more management resources in the new businesses from the top level.

The outbreak of the pandemic strengthened the Company's determination to expand its operations across sectors, which also verified the rationality of strengthening the development of the marketing part for recruitment examinations. As a result, the special actions have been further strengthened and deepened. It has also boosted the current performance of related categories, and more importantly, further improved the overall layout advantages, which is conducive to realizing the medium and long-term sector's rotating growth trend.

In terms of the external situation, the academic qualification improvement sector has directly benefited from the strengthening of the employment stabilization policy since the pandemic. The Ministry of Education has increased its enrollment for further studies this year. The three expanded enrollments for postgraduates, undergraduates and second bachelors will absorb more than 1.7 million people, including about 1.4 million fresh graduates. According to relevant departments, 189,000 more graduate students will be admitted this year. It is estimated that the enrollment expansion will exceed 20%. The enrollment expansion of ordinary junior college students is 322,000. The enrollment expansion will mainly favor college applicants who will apply for majors that are promoted by national strategy or urgently needed by the society; and the enrollment expansion will take place in colleges and universities which are in the central and western regions and northeast China.

Section II. Core business analysis

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

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

Year-on-year changes of major financial data

Unit: RMB

	Current Reporting Period	Same period last year	Year-on-year increase or decrease	Reasons of changes
Revenue	2,807,980,480.60	3,637,419,515.48	-22.80%	Mainly due to the impact of the COVID-19 pandemic, which postponed the civil servant entrance examinations in most provinces and resulted in the delay of the related income.
Operating cost	1,452,611,180.39	1,545,288,459.56	-6.00%	
Marketing expenses	700,817,453.92	675,313,099.29	3.78%	
Management expenses	518,959,454.14	499,631,045.91	3.87%	
Financial expenses	182,654,623.66	42,509,488.64	329.68%	Mainly due to the spike of loan interests and fees of financial institution.
Income tax expenses	9,055,694.44	101,672,138.32	-91.09%	Mainly due to the decrease in profits.
R&D investment	383,227,531.01	304,030,157.51	26.05%	Mainly due to the increase of R&D personnel enlarging the labor expenditure.
Net cash flow of business operation	4,063,675,504.19	4,354,766,798.53	-6.68%	
Net cash flow of investment	-1,155,418,651.54	-2,505,196,440.60	53.88%	Mainly due to the redemption of financial products
Net cash flow of fund raising	-966,792,941.80	-1,094,282,815.85	11.65%	
Increase of cash and cash	1,941,463,910.85	755,287,542.08	157.05%	Mainly due to the redemption of

equivalents				financial products
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Whether components or origin of profits changed during the reporting period

☐ Applicable ☒ Not applicable

Components or origin of profits did not change during the reporting period

Composition of revenue

Unit: RMB

	This reporting period		Same period last year		Year-on-year increase or decrease
	Amount	Proportion of revenue	Amount	Proportion of revenue	
Revenue	2,807,980,480.60	100%	3,637,419,515.48	100%	-22.80%
Sectors					
Educational training	2,788,186,999.66	99.30%	3,612,344,963.59	99.31%	-22.82%
Others	19,793,480.94	0.70%	25,074,551.89	0.69%	-21.06%
Categories of product					
Training for Civil Servant Test	1,218,210,409.21	43.38%	2,061,116,376.83	56.66%	-40.90%
Training for Public Institution Test	249,112,502.48	8.87%	260,093,409.92	7.15%	-4.22%
Training for Teachers' Recruitment Test	350,053,110.07	12.47%	520,893,800.00	14.32%	-32.80%
Training for other public services test and new businesses	970,810,977.90	34.58%	770,241,376.84	21.18%	26.04%
Others	19,793,480.94	0.70%	25,074,551.89	0.69%	-21.06%
Regions					
Northeast China	411,190,963.24	14.65%	450,418,680.94	12.38%	-8.71%
North China	505,278,366.94	17.99%	559,352,002.04	15.38%	-9.67%
East China	777,042,423.85	27.67%	1,158,525,187.01	31.85%	-32.93%
Middle China	311,713,998.87	11.10%	393,438,273.80	10.82%	-20.77%
South China	224,764,348.31	8.01%	295,686,575.61	8.13%	-23.99%
Southwest China	286,608,910.60	10.21%	358,342,361.45	9.85%	-20.02%
Northwest China	271,587,987.85	9.67%	396,581,882.74	10.90%	-31.52%

Others	19,793,480.94	0.70%	25,074,551.89	0.69%	-21.06%
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Particulars of sectors, products or regions that account for more than 10% of the revenue or operating income

☐ Applicable ☒ Not applicable

Explanation on changes in the relevant data by more than 30% year-on-year

☐ Applicable ☒ Not applicable

Section III. Non-core Business Analysis

☒ Applicable ☐ Not applicable

Unit: RMB

	Amount	Proportion of Total Profit	Reasons	Sustainable or Not
Investment Income	128,818,126.44	-57.51%	Mainly due to the financial income and fixed deposit interest	Yes
Gains and losses from changes in fair value				
Impairment of assets				
Non-operating income	20,148.00	-0.01%	Mainly due to the government's subsidies in the pandemic	No
Non-operating expenses	93,502.28	-0.04%	Others	No

Section IV. Analysis of Assets and Liabilities

1. Major Changes in Asset Composition

Unit: RMB

	End of the reporting period		End of the same period last year		Increase or decrease in proportion	Explanations on major changes
	Amount	Proportion of Total Assets	Amount	Proportion of Total Assets		
Monetary fund	4,665,798,912.43	35.18%	2,724,335,001.58	27.35%	7.83%	Mainly due to the redemption of financial products
Accounts receivable	14,349,954.64	0.11%	2,721,638.09	0.03%	0.08%	Mainly due to the increase of rent receivable
Inventories						
Investment	678,502,813.80	5.12%	688,475,053.53	6.91%	-1.79%	No major changes

properties						
Long-term equity investment						
Fixed assets	870,207,450.02	6.56%	672,429,601.44	6.75%	-0.19%	Refer to section VII, item 21 in chapter XI. financial report of this semi-annual report for explanations on changes.
Construction in progress	811,011,730.47	6.11%	653,580,160.32	6.56%	-0.45%	Refer to section VII, item 22 in chapter XI. financial report of this semi-annual report for explanations on changes.
Short-term Loan	3,457,000,000.00	26.06%	2,867,000,000.00	28.78%	-2.72%	For purchasing and constructing training centers; (2) for preparation of uncertainties in opening face-to-face classes due to the pandemic.
Long-term Loan						

2. Assets and liabilities measured at fair value

√ Applicable □ Not applicable

Unit: RMB

Items	Opening Balance	Gains and losses from the changes in fair value during the period	Cumulative changes in fair value attributed to equity	Impairment accrued in the current period	Amount of purchase in the current period	Amount of sales in the current period	Other Changes	Closing Balance
Financial Assets								
1. Transactional financial assets (excluding derivative financial assets)	1,892,562,787.50				17,969,488,090.00	17,567,171,173.89		2,294,879,703.61
2. Derivative financial assets								
3. Other debt investments								
4. Investment in other	155,450,0		7,350,000.00					162,800,000

equity instruments	00.00							.00
Subtotal of financial assets	2,048,012,787.50		7,350,000.00		17,969,488,090.00	17,567,171,173.89		2,457,679,703.61
Investment properties								
Productive biological assets								
Others								
Total	2,048,012,787.50		7,350,000.00		17,969,488,090.00	17,567,171,173.89		2,457,679,703.61
Financial liabilities	0.00		0.00					0.00

Others changes

None.

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

☐ Yes ☒ No

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

Items	Book value at the end of the period	Reasons for Restriction
Non-current assets maturing within one year	1,500,000,000.00	Pledged Loan
Total	1,500,000,000.00	

Section V. Analysis of Investments

1. Overview

☒ Applicable ☐ Not applicable

Amount of investment during the reporting period (RMB)	Amount of investment in the same period of last year	Variation
18,542,275,652.81	12,023,712,775.12	54.21%

2. Major equity investment obtained during the reporting period

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

Unit: RMB

Project	Zhongcheng Real Estate Project	Offcn Office Building in Fushun	Total
Investment Method	Self-built project	Self-built project	--
Whether it is a fixed asset investment	Yes	Yes	--
Industries involved in investment projects	Educational technology development, service and culture consultation	Educational Technology Development, Service and Culture Consultation	--
Amount of investment in this reporting period	37,502,650.03	10,645,266.56	48,147,916.59
Cumulative amount of investment as of the end of the reporting period	313,408,135.12	123,665,491.93	437,073,627.05
Sources of funds	Self-owned fund	Self-owned fund	--
Project progress	69.65%	37.47%	--
Expected income	0.00	0.00	0.00
Cumulative income as of the end of the reporting period	0.00	0.00	0.00
Reasons for not reaching the planned progress and expected income	Not Completed	Not Completed	--
Date of disclosure (If any)			--
Index of disclosure (If any)			--

4. Financial Assets Measured at Fair Value

√ Applicable □ Not applicable

Unit: RMB

Asset Type	Trust Products	Others	Total
Initial investment cost	6,324,828,090.00	13,661,810,000.00	19,986,638,090.00
Gains and losses from changes in fair value during the period	0.00	0.00	0.00
Cumulative changes in fair value attributed to equity		7,350,000.00	7,350,000.00
Amount of purchase during	5,247,828,090.00	12,721,660,000.00	17,969,488,090.00

the reporting period			
Sales amount during the reporting period	4,822,611,173.89	12,744,560,000.00	17,567,171,173.89
Cumulative income of investment	69,037,526.25	21,889,950.60	90,927,476.85
Closing Balance	1,502,216,916.11	967,250,000.00	2,469,466,916.11
Sources of Funds	Self-owned fund	Self-owned fund	--

5. Financial assets investment

(1) Securities investment

☐ Applicable ☒ Not applicable

There is no securities investment during the reporting period

(2) Derivatives investment

☐ Applicable ☒ Not applicable

There is no derivatives investment during the reporting period.

6. Use of raised funds

☐ Applicable ☒ Not applicable

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

7. Major project invested by non-raised funds

☐ Applicable ☒ Not applicable

There is no major project invested by non-raised funds during the reporting period.

Section VI. Sale of Major Assets and Equity

1. Sales of major assets

☐ Applicable ☒ Not applicable

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

2. Sales of major equity

☐ Applicable ☒ Not applicable

Section VII. Analysis of major shareholding companies

☒ Applicable ☐ Not applicable

Major subsidiaries and shareholding companies that have impact on more than 10% net profit of the Company

Unit: RMB

Company name	Beijing Offcn Education Technology Co., Ltd.
Company type	Subsidiary
Major business	Educational technology consultation, technology development, technical services, technology promotion, technology transfer; educational consultation, cultural consultation; enterprise management consultation; enterprise investment
Registered capital	90,000,000.00
Total assets	12,021,201,387.37
Net assets	655,359,632.61
Revenue	2,798,594,797.14
Operating income	-206,588,270.39
Net profit	-215,834,413.14

Acquisition and disposal of subsidiaries during the reporting period.

☒ Applicable ☐ Not applicable

Company name	Method of acquisition and disposal of subsidiaries in the reporting period	The Impact on the overall business operation and performance
Shaanxi Offcn Education Technology Co.,Ltd.	New establishment	Not yet operated; no impact on overall performance
Beijing Offcn Future Education Technology Co.,Ltd.	New establishment	Not yet operated; no impact on overall performance

Section VIII. Structured Entities Controlled by the Company

☐ Applicable ☒ Not applicable

Section IX. Prediction on business performance from January to September 2020

Alarm and explanations on that the cumulative net profit from the beginning of the year to the end of the next reporting period may be a loss or have a significant change compared with the same period of the last year.

☐ Applicable ☒ Not applicable

Section X. Risks and countermeasures

1. Risks of macroeconomic fluctuations

At present, the domestic pandemic caused by the novel coronavirus has not completely ended, and the social and economic development is still facing the influence of many uncertain factors. Vocational education is an important guarantee for promoting high-quality economic and social development, and it will also be affected by macroeconomic conditions. Future macroeconomic fluctuations will have a certain impact on the overall

development of country's vocational education industry and company performance.

Countermeasures: Faced with complex and changeable potential market risks, the company continuously upgrades its vertical integrated rapid response capabilities, improves its risk management and control system, closely monitors market development and changes, and makes forward-looking plans for this, and adjusts its strategic direction and focus in time Etc., to minimize the impact of changes in the external market environment on the company's business and future development.

2. Risks of policies

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

Countermeasures: In response to the above risks, the company's various branches have established a tracking research policy team to do in-depth analysis of various policies that have been issued. At the same time, the company's deep accumulated strength in independent IT development and effective digital transformation of operations simultaneously ensure the efficiency of information feedback. Through the upgrade and transformation of basic systems such as ERP, CRM, and teaching platforms, it is possible to obtain, perceive and predict the direction and trend of relevant policy changes in various places in a timely manner, arrange and adjust in advance, avoid relevant policy risks, and leverage industry policies to help the company business development.

3. Risks of marketing competition

The education and training market is large and sparsely concentrated, and the initial investment scale is relatively small. Therefore, there are a large number of enterprises in the industry, especially in first-tier cities with relatively concentrated educational resources, a large base of training subjects, and relatively high income levels. The competition is more intense. At the same time, with the increase in household income in the future, the public's emphasis on high-quality educational resources will continue to increase, and the industry will continue to maintain a high level of prosperity. This is bound to cause more and more capital to flow into the education and training industry, leading to increasingly fierce market competition. How to effectively deal with the competition and impact of competing products in the industry and emerging institutions is a challenge facing the company's comprehensive development of the vocational education industry.

Countermeasures: In response to the above risks, the company will continue to maintain heavy R&D investment,

continue to increase investment in technological infrastructure and technical teams, and integrate technological productivity into the operating system to drive business innovation. At the same time, it will continue to explore new subdivision tracks, create a full-category market for mid-to-high-end vocational education, and further enhance the company's core competitiveness in the industry. After more than 20 years of accumulation, the company has a fast iterative teaching and research system, offline channel resources and online layout, and has significant advantages in future market competition

4. Risks of operation and management

The company must face the risk of mismatch between business expansion and management capabilities. First, there is a risk that the cost of venue leasing and manpower will continue to increase, and the pursuit of rapid development will lead to the risk of a decline in the current profit level and profit rate; second, the education and training industry is always facing the risk of talent flow. In particular, the loss of core management and R&D teams and key teachers may adversely affect the company's long-term stable development.

Countermeasures: In response to the above risks, the company will continue to optimize the vertical integration and rapid response management system on the one hand, enhance the work collaboration level of large-scale knowledge workers, improve management and operation efficiency, optimize the human resource structure, and match the company's business expansion strategy; on the other hand, it will attach importance to employees. The implementation of basic rights and interests, a sound and fair and transparent performance evaluation system, provide employees with diversified compensation and incentive paths, pay attention to employees' personal growth, provide employees with sustainable development opportunities and growth space, and reduce the risk of core talent loss.

Chapter V. Significant Events

Section I. Information about the annual general meeting of shareholders and extraordinary general meeting of shareholders held in the reporting period

1. General meeting of shareholders during the reporting period

Session of meeting	Type of meeting	Investor participation %	Date of meeting	Date of disclosure	Index of disclosure
The first extraordinary general meeting in 2020	extraordinary general meeting	78.29%	Jan. 6, 2020	Jan. 7, 2020	Please refer to www.cninfo.com, Announcement of the First Extraordinary General Meeting of Shareholders 2020 (Announcement Number:2020-001) for details.
2019 annual general meeting of shareholders	Annual general meeting of shareholders	79.66%	Mar. 30, 2020	Mar. 31, 2020	Please refer to www.cninfo.com, Announcement of the First Annual General Meeting of Shareholders 2020(Announcement Number:2020-022) for details.

2. Extraordinary general meetings convened at the request of preferred shareholders whose voting rights have been restored

☐ Applicable ☒ Not applicable

Section II. Profit distribution and increase of share capital from capital reserve during the reporting period

☐ Applicable ☒ Not applicable

For the first half of the year, the Company does not plan to distribute cash dividends or bonus shares, nor to

convert equity reserves into share capital.

Section III. 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:

Commitment Party	Commitment Type	Main contents of commitment	Commitment time	Commitment period	Performance
Lu Zhongfang, Li Yongxin, Wang Zhendong, Guo Shihong, Liu Bin, Zhang Yongsheng, Yang Shaofeng, Zhang Zhian	Performance commitment and compensation arrangement	<p>1. The profit forecast and compensation periods are the years of 2018, 2019 and 2020.</p> <p>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.</p> <p>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 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</p>	May 4, 2018	Years of 2018, 2019 and 2020	Performance commitments of the year 2018 and 2019 have been fulfilled.

		<p>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 obligors 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 obligors in the compensation commitments and end-of-period impairment compensation of Offcn Ltd. shall not exceed the total transaction consideration obtained by all shareholders in this transaction. When the calculated</p>			
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		<p>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 Impairment Test Report.</p> <p>(2) If the amount of exchange-in assets impairment at the end of the period > the total number of compensated shares \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</p>			
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		<p>total shares of Offcn Ltd. held by all the compensation obligors before the transaction. The calculation formula is:</p> <p>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 "Profit Forecast Compensation Agreement". 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</p>			
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		<p>of Offcn Ltd. held by all the compensation obligors before the transaction.</p> <p>① Firstly, all compensation obligors shall compensate the listed Company with Yaxia 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>② Yaxia 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>③ From the date on which the number of compensation shares of each compensation obligor is determined until the cancellation of these shares, these shares are with no voting rights or rights for dividend distribution.</p> <p>④ If the compensation obligor needs to compensate Yaxia Automobile in cash in accordance with the stipulations of the Profit Forecast Compensation Agreement, each compensation obligor shall pay the compensation amount</p>			
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		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 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	Jan. 31, 2022	Under normal implementation
Li Yongxin	Letter of Commitment on lock-up period for subscription of shares	1. The shares of the listed Company subscribed by myself in this transaction shall not be transferred or dealt with in any other forms within 36 months from the date of the listing of the shares. Within 6 months after the listing of the shares, if the closing price of the listed Company stock is lower than the issue price for consecutive 20 trading days , or the closing price of the stock at the end of the 6 months after the listing of the shares is lower than the issue price, the lock-up period of consideration shares acquired by myself is automatically extended for 6 months. (If dividend distribution, bonus shares, transfer of	Apr. 27, 2018	Jan. 31, 2022	Under normal implementation

		<p>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. 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 date 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</p>			
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		Stock Exchange.			
Lu Zhong Fang	Letter of commitment on lock-up period for subscription of shares	<p>1. The shares of the listed Company subscribed by myself in this transaction shall not be transferred or dealt with in any other forms within 36 months from the date of 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>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 date 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</p>	Apr. 27, 2018	Jan. 31, 2022	Under normal implementation

		<p>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>			
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 date of this transaction, the shares that the enterprise owns increased due to bonus shares and</p>	Jul. 27, 2018	Jan. 31, 2022	Under normal Impleme ntation

		<p>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 regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange.</p>			
Aerospace Industry, Guangyin Venture	Letter of commitment on lock-up period for subscription of shares	<p>1. The shares of the listed Company subscribed by 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</p>	Jul. 27, 2018	Jan. 31, 2021	Under normal implementation

		<p>transferred until the conclusion of the investigation is clarified.</p> <p>3. After the completion date 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 regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange.</p>			
<p>Wang Zhendong, Guo Shihong, Liu Bin, Zhang Yongsheng, Yang Shaofeng, Zhang Zhian</p>	<p>Letter of commitment on lock-up period for subscription of shares</p>	<p>1. The shares of the listed Company subscribed by myself in this transaction shall not be transferred or dealt with in any other forms within 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 Profit Forecast Compensation Agreement in either 2018 or 2019, the lock-up period of the shares of the listed Company I obtained in this transaction will be</p>	<p>Jul. 27, 2018</p>	<p>Jan. 31, 2021</p>	<p>Under normal implementation</p>

		<p>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 Profit Forecast Compensation Agreement 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 Commission on suspicion of misrepresentations, misleading statements, or material omissions in regard to the information provided or disclosed, the shares of the listed Company acquired in this transaction shall not be transferred until the conclusion of the investigation is clarified.</p> <p>4. After the completion date of this transaction, my increased shares due to bonus shares 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	Letter of	Within 36 months from the date of the transfer of	Apr. 27,	Jan. 31,	Under

Partnership	commitment on the lock-up of shares	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. If the Company violates commitments listed above, it will bear all losses caused to Yaxia Automobile.	2018	2022	normal implementation
Li Yongxin and other 10 counterparties	Letter of commitment on the lock-up of Offcn Partnership's contribution shares	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 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).	Jul. 27, 2018	Jan. 31, 2022	Under normal implementation
Li Yongxin Lu Zhongfang Wang Zhendong Offcn Partnership	Letter of commitment on maintaining independence of the listed	Guarantee the independence of the listed Company's personnel 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. 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	April 27, 2018	Long-term	Under implementation normally

		<p>organizations controlled by myself/Offcn Partnership.</p> <p>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>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 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>			
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		<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 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>			
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		<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 competition	<p>1. As of the date of signing this commitment letter, myself, my close relatives and other companies, enterprises or economic organizations controlled by myself, and my close relatives, except for Beijing Offcn Online Education Technology Co., Ltd. (hereinafter referred to as Offcn Online), controlled by my relatives Xuhua and Lu Yan, and its affiliated schools which are involved in the same or similar businesses conducted by Offcn Ltd., other related parties are not involved in any same, similar or related businesses conducted by the listed Company, Offcn Ltd. and its affiliated companies and schools.. Except for serving as a director in Kunming Wuhua Offcn training school, which is affiliated to Offcn Online, Li Yongxin neither holds any full-time or part-time positions nor provides consultancy at any companies or enterprises, which conducts competitive businesses with the listed Company, Offcn Ltd. and their affiliates. I also hold directly or indirectly no stock rights(shares) of companies or enterprises conducting the</p>	Sept. 20, 2018	<p>1. The transfer of Kairuier Training School in Haidian District of Beijing: within 24 months from the date of the signing of this letter of commitment</p> <p>2. The</p>	<p>As of the end of the reporting period, Kairuier Training School Haidian District of Beijing had been transferred to an unrelated third party.</p>

	<p>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 Beijings to be transferred to an unrelated third party and the transfer agreement has been signed. If the transfer is not completed within 24 months since the date of signing this commitment letter, I will urge Offcn Online to cancel the Kairuier Training School in Haidian District of Beijing. Kunming Wuhua Offcn Training School, associated with Offcn Online, has been closed and it will be transferred to an unrelated third party or will be canceled within 12 months after the revised Regulations for the Implementation of the Law on the Promotion of Private Education of the People's Republic of China (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 non-academic qualifications to Li Yongxin and signed the Aagreement on Transfer of Rights of Private Schools for Non-Academic Qualifications Affiliated to Beijing Offcn Education Technology Co., Ltd. Li Yongxin is willing to entrust the transferred 33 private schools for non-academic qualifications to Offcn Ltd. and signed the Trusteeship Agreement of Private Schools for Non-academic Qualifications.</p> <p>4. After the completion of transaction, except for the</p>		<p>transfer of</p> <p>Kunming</p> <p>Wuhua</p> <p>Offcn</p> <p>Training</p> <p>School :</p> <p>within 12</p> <p>months</p> <p>after the</p> <p>revised</p> <p>Regulatio</p> <p>ns of</p> <p>Implemen</p> <p>tation</p> <p>officially</p> <p>promulgat</p> <p>ed and</p> <p>implemen</p> <p>ted and</p> <p>supportin</p> <p>g</p> <p>regulation</p> <p>s</p> <p>formulate</p> <p>d by</p> <p>relevant</p> <p>local</p> <p>education</p> <p>authoritie</p> <p>s in</p> <p>accordanc</p> <p>e with the</p> <p>revised</p> <p>Regulatio</p> <p>ns of</p>	<p>Other</p> <p>commit</p> <p>ments</p> <p>are</p> <p>under</p> <p>impleme</p> <p>ntation</p> <p>normally</p> <p>.</p>
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		<p>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 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. 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>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,</p>		<p>Implement tion comes into effect.</p>	
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		<p>which can or may compete with the listed Company and its affiliates in the future, I will notify the listed Company and its affiliates in writing within 5 working days. After obtaining the third party's promise, I will attempt to transfer these business opportunities to the listed Company and its affiliates.</p> <p>6. I guarantee that I would never use my knowledge about and the information I'm aware of the listed Company and its affiliates to assist third parties to engage, participate, or invest in businesses or projects that compete with the listed companies and its affiliates.</p> <p>7. If I violate the above commitments, the benefits obtained by the violation of commitments shall belong to the listed Company and I shall be liable for all losses caused to the listed Company and its affiliates. Within 30 working days since receiving the writing notice from the listed Company, compensation will be made in cash.</p> <p>8. I will disclose relevant information in a timely manner if commitments fail to be fulfilled or to be fulfilled on schedule because of objective reasons, such as changes in relevant laws, regulations and policies, or natural disasters. Except for the above-mentioned objective reasons, if the commitment is anyhow unable to be fulfilled or fulfilling the commitment is not conducive to safeguarding the rights and interests of the listed Company, I should fully disclose the reasons and either provide a new commitment to the listed Company and related investors to replace the original one, or propose an exemption from fulfilling the commitment.</p> <p>9. The commitment is valid from the date when the commit letter is signed to the time when I cease to be the actual controller of the listed Company.</p>			
Wang Zhendong, Offcn	Letter of Commitment on avoiding	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	April 4, 2018	Long-term	Under implementation

Partnership	horizontal competition	<p>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 the follows:</p> <p>I will not directly or indirectly operate, participate in or</p>			normally
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		<p>assist others to conduct same, similar businesses or other economic activities which directly or indirectly constitute a competitive relationship with businesses currently operated by the listed Company and its affiliated companies. 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 assist third parties to engage, participate, or invest in businesses or projects that compete with the</p>			
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		<p>listed companies and its affiliates.</p> <p>If I/Offcn Partnership shall be liable for all losses caused to the listed Company and its affiliates due to my/Offcn Partnership's failure in fulfilling commitments.</p>			
<p>Li Yongxin, Lu Zhongfang</p>	<p>Letter of Commitment on reducing and regulating 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-party transaction agreements with the listed Company and its affiliates in accordance with the relevant laws, regulations and regulatory documents and follow the general business principles of equality, willingness, equivalence and paid-use. The prices of related-party transactions shall be fair. Decision-making procedures, lawful information disclosure obligations and relevant reporting and approval procedures regarding the related-party transactions, shall be followed. The status of shareholders shall not be used to damage the legitimate rights and interests of the listed Company and other shareholders.</p> <p>3. After the completion of 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</p>	<p>Jul. 27, 2018</p>	<p>Long-term</p>	<p>Under normal imple me ntation</p>

		<p>or other assets under unequal conditions or engage in any behaviors that would damage the interests of the listed companies.</p> <p>4. I will urge my close relatives and other companies, enterprises and other economic organizations controlled by myself and my close relatives to abide by the aforementioned commitments.</p> <p>5. If I, my close relatives and other companies, enterprises and other economic organizations controlled by myself and my close relatives violate the above commitments, the profits obtained by the violation of commitments belong to the listed Company, and I shall be liable for all losses caused to the listed Company and its affiliates. Within 30 working days since receiving the written notice from the listed Company, compensation will be made in cash.</p> <p>6. The commitment is valid from the date when it is signed to the time when I cease to be the actual controller of Yaxia Automobile and there is no other related relationship with Yaxia Automobile.</p>			
Wang Zhendong, Aerospace Industry, Offcn Partnership	Letter of Commitment on reducing and regulating 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-party transaction agreements with the listed Company and its affiliates in accordance with the relevant laws, regulations and regulatory documents and</p>	April 27, 2018	Long-term	Under implementation normally

		<p>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/Aerospace Industry/Offcn Partnership will not use the shareholders' rights of the listed Company to manipulate or instruct the listed Company or the directors, supervisors and senior executives of the listed Company to make the listed Company provide or accept funds, commodities, services or other assets in different forms under unequal conditions or engage in any behaviors that would damage the interests of listed companies.</p> <p>I/Aerospace Industry/Offcn Partnership shall be liable for all losses caused to the listed company and its affiliates due to my/Aerospace Industry's/Offcn Partnership's failures in fulfilling commitments.</p>			
Whether the commitments are fulfilled on time	Yes				

Section IV. Appointment and dismissal of accounting firms

Has the semi-annual financial report been audited?

☐ Yes ☒ No

The semi-annual financial report has not been audited yet.

Section V. Explanations provided by the Board of Directors and the Supervisory Committee, regarding the “non-standard audit report” issued by the auditor for the reporting period

☐ Applicable ☒ Not applicable

Section VI. Explanations provided by the Board of Directors regarding the “non-standard audit report” issued by the auditor for the last year

☐ Applicable ☒ Not applicable

Section VII. Bankruptcy and Reorganization

☐ Applicable ☒ Not applicable

There was no such situation for the Company during the reporting period.

Section VIII. Significant lawsuit or arbitration

Significant lawsuit or arbitration

☐ Applicable ☒ Not applicable

There was no such situation for the Company during the reporting period.

Other legal cases

☒ Applicable ☐ Not applicable

During the reporting period, the legal proceedings of the listed Company and its subsidiaries were as follows:

1. The total amount involved in the legal cases resolved during the reporting period was RMB 3,962,000, the actual judgement amount of effective legal documents was RMB542,700. The litigation results have no significant impact on the Company's operations.
2. By the end of the reporting period, the amount of litigation involved in unsettled cases was RMB 14,719,700, which accounted for 0.43% of the unaudited net assets attributable to shareholders of listed Company at the end of 2019, and has no significant impact on the Company's operations.

Section IX. Questioning by the media

☐ Applicable ☒ Not applicable

The Company did not experience widespread media questioning during the reporting period.

Section X. Punishment and Rectification

☐ Applicable ☒ Not applicable

There was no such situation for the Company during the reporting period.

Section XI. Integrity of the Company, its controlling shareholders and actual controller

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

The Company has no equity incentive plan, employee stock ownership plan nor other employee incentive measures that was implemented during the reporting period. .

Section XIII. Significant related-party transactions

1. Related-party transactions relevant to routine operations

☐ Applicable ☒ Not applicable

There was no such situation for the Company during the reporting period.

2. Related-party transactions about acquisitions or sales of assets or equity

☐ Applicable ☒ Not applicable

There was no such situation for the Company during the reporting period.

3. Related-party transactions for overseas joint investment

☐ Applicable ☒ Not applicable

There was no such situation for the Company during the reporting period.

4. Related credit and debt transactions

☐ Applicable ☒ Not applicable

There was no such situation for the Company during the reporting period.

5. Other significant related-party transactions

☒ Applicable ☐ Not applicable

On Jan. 9, 2019, Offcn Ltd., signed an RMB 360 million loan contract with the Sidaokou branch of Hua Xia Bank with the contract number YYB7610120180014 and the loan period is from Jan. 9, 2019 to Jan. 9, 2020, which had been settled on Jan. 9, 2020.

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

☐ Applicable ☒ Not applicable

There was no such situation for the Company during the reporting period.

Section XV. Significant contracts and their execution

1. Trusteeships, Contracts, and Leases

(1) Trusteeships

☒ Applicable ☐ Not applicable

Explanations on trusteeships

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

Projects that gains or losses reached more than 10% of the total operating income of the Company

☐ Applicable ☒ Not applicable

There was no such project of the Company during the reporting period.

(2) Contract

☐ Applicable ☒ Not applicable

There was no such situation for the Company during the reporting period.

(3) Lease

☐ Applicable ☒ Not applicable

There was no such situation for the Company during the reporting period.

2. Significant guarantees

☐ Applicable ☒ Not applicable

There was no such situation for the Company during the reporting period.

3. Entrusted Financing

☒ Applicable ☐ Not applicable

Unit: RMB

Types	Sources of Entrusted Financing	Amount of Entrusted Financing	Unexpired Balance	Nonrecoverable Overdue Amount
Bank Financial Products	Self-owned fund	2,369,310,000	754,450,000	0
Brokerage Financial Products	Self-owned fund	80,000,000	0	0
Trust Financial Products	Self-owned fund	5,199,530,029.04	1,502,216,916.11	0

Total	7,648,840,029.04	2,256,666,916.11	0
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Particulars of high-risk entrusted financial management with a large single amount, low security, poor liquidity or no capital protection

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

4. Other significant contracts

☒ Applicable ☐ Not applicable

Name of the company signing the contract	Beijing Offcn Education Technology Co.,Ltd	Beijing Offcn Education Technology Co.,Ltd	Beijing Offcn Education Technology Co.,Ltd	Beijing Offcn Education Technology Co.,Ltd	Offcn Education Technology Co., Ltd
Name of the other party signing the contract	Beijing Jingchen Technological Development Co.,Ltd	Harbin Yuheng Pharmaceutical Co.,Ltd	Shengyang Lijing Mingzhu Hotel Management Co.,Ltd	Beijing Chuangsheng Building Decoration Engineering Co.,Ltd	Shaanxi Guancheng Industry Co.,Ltd
Contract subject	Lease No. 1 and 2 of Unit B, No. 1, 18, 19 and 21 of Unit A in the East Yard of Daokou Village, Wangsiying Town, Chaoyang District, Beijing	Lease the West Building, Building 1, No.23, Xueqing Road, Haidian District, Beijing (1 to 5 floors above ground, except for the security room)	Lease No. 129 Building, Beishun Road, Shenhe District, Shengyang	Renovation project of Offcn branches (building area is roughly 150,000 square meters)	Purchase building No. 1, Guanchengjiuding International, Fengcheng No. 4 Road, Weiyang
Date of signing	July 1, 2014	June 16, 2013	July 1, 2016	August 7, 2019	February 26, 2020
The Book value of the assets involved in the contract (Unit: RMB)					38,306.00
Appraised value of					38,306.00

assets involved in the contract (If any) (Unit: RMB)					
Name of evaluation agency (If any)	Not applicable	Not applicable	Not applicable	Not applicable	Beijing Zhuoxin Dahua Assets Appraisal Co.,Ltd.
Evaluation base date					December 31, 2019
Pricing principle	Market fair value	Market fair value	Market fair value	Market fair value	Evaluated value
Transaction Price (RMB10 thousands)	9,810.87	10,753.69	25,090.48	28,674.70	38,306.00
Whether it is a related-party transaction	No	No	Yes	No	No
Relations	No	No	A company actually controlled by Beijing Huiyou Zhiyuan Investing Center (Limited Partnership), Which is an institution actually controlled by executives and core employees of Offcn Edu	No	No
Implementation as of the end of the reporting period	Under normal Implementation	Under normal implementation	Under normal implementation	Under normal implementation	Under normal implementation
Date of disclosure	December 1, 2018	December 1, 2018	December 1, 2018	December 1, 2018	Feb.27, 2020
Index of disclosure	Juchao Information Website (http://www.cninfo.com.cn)	Juchao Information Website (http://www.cninfo.com.cn)	Juchao Information Website (http://www.cninfo.com.cn)	/	Juchao Information Website (http://www.cninfo.com.cn)

	Major Asset Replacement and Issuance of Shares to Purchase Assets and related-party transactionReport (Nov. 2018)	Major Asset Replacement and Issuance of Shares to Purchase Assets and related-party transactionReport (Nov. 2018)	Major Asset Replacement and Issuance of Shares to Purchase Assets and related-party transactionReport (Nov. 2018)		Major Asset Replacement and Issuance of Shares to Purchase Assets and related-party transactionReport (Nov. 2018)
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Section XVI. Social Responsibilities

1. Major Environmental Problems

Whether the listed Company and its subsidiaries belong to the major pollutant units labeled by the Ministry of Ecology and Environment

None.

2. Social Responsibility for Targeted Poverty Alleviation

(1) Targeted Poverty Alleviation Plan

The Company has not carried out targeted poverty alleviation work for the first half of the year, neither there is any follow-up target poverty alleviation plan.

(2) Semi-annual summary of targeted poverty alleviation

None.

Section XVII. Other Major Matters

√ Applicable □ Not applicable

Name of temporary announcement	Disclosure date of temporary announcement	Websites for disclosures of temporary announcement
Announcement on the advance purchase of pledged shares for shareholders with more than 5% shares	January 2, 2020	Juchao Information Website, Announcement Number; 2019-075
The first interim general board meeting in 2020	January 7, 2020	Juchao Information Website, Announcement Number; 2020-001
Announcement on the pledged shares for shareholders with more than 5% shares	February 5, 2020	Juchao Information Website, Announcement Number; 2020-003
Announcement on the release of pledges of certain shares for controlling shareholders and actual controller.	February 12, 2020	Juchao Information Website, Announcement Number; 2020-004
Announcement on the acquisition of Shaanxi Guangcheng Jiuding International Building No.1	February 27, 2020	Juchao Information Website, Announcement Number; 2020-006
Announcement on the distribution of the 2019 profit plan	March 10, 2020	Juchao Information Website, Announcement Number; 2020-012
Announcement on estimated amount of daily related transactions of 2020	March 10, 2020	Juchao Information Website, Announcement Number; 2020-013

Announcement on the company and its subsidiaries to carry out entrusted wealth management	March 10, 2020	Juchao Information Website, Announcement Number; 2020-014
Announcement of the 2020 remuneration plan for the company directors, supervisors and senior managers	March 10, 2020	Juchao Information Website, Announcement Number; 2020-015
Announcement on changes in accounting policies	March 10, 2020	Juchao Information Website, Announcement Number; 2020-016
Announcement on renewing the appointment of the accounting firm	March 10, 2020	Juchao Information Website, Announcement Number; 2020-017
Announcement on the difference between Beijing Offcn Education and Technology Co., Ltd.'s 2019 actual net profit and committed net profit	March 10, 2020	Juchao Information Website, Announcement Number; 2020-018
Announcement on the company and its subsidiaries applying to the bank for a comprehensive credit	March 10, 2020	Juchao Information Website, Announcement Number; 2020-019
Announcement on the release of pledge shares and deferred repurchase of the pledges for shareholders with more than 5% shares	March 12, 2020	Juchao Information Website, Announcement Number; 2020-020
Announcement on the online business performance conference	March 19, 2020	Juchao Information Website, Announcement Number; 2020-021
Announcement on the resolution of the 2019 Annual General Meeting of Shareholders	March 31, 2020	Juchao Information Website, Announcement Number; 2020-022
Announcement on the reply to the inquiry letter of the Annual Report of the Shenzhen Stock Exchange	April 8, 2020	Juchao Information Website, Announcement Number; 2019-023
Announcement on the pledge of shares by controlling shareholders and actual controllers	April 18, 2020	Juchao Information Website, Announcement Number; 2020-024
Announcement on 2019 annual equity distribution implementation	May 13, 2020	Juchao Information Website, Announcement Number; 2020-026
Announcement on pledge of certain shares for controlling shareholders and actual controllers	June 24, 2020	Juchao Information Website, Announcement Number; 2020-027

Section XVIII. Major Matters of Subsidiaries

☐ Applicable ☒ Not applicable

Chapter VI. Changes in Shares and Information about Shareholders

Section I. Changes in Shares

1. Changes in Shares

Unit: share

	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	5,347,063,429	86.70%				36,345,000	36,345,000	5,383,408,429	87.29%
Shares held by state									
Shares held by state-owned legal person									
(3) Other shares held by domestic capital	5,347,063,429	86.70%				36,345,000	36,345,000	5,383,408,429	87.29%
Of which: held by domestic legal person	534,706,341	8.67%						534,706,341	8.67%
held by domestic natural person	4,812,357,088	78.03%				36,345,000	36,345,000	4,848,702,088	78.62%
(4) Shares held by overseas capital									
Of which: shares held by overseas legal person									
shares held by overseas natural									

person									
2. Shares without trading restrictions	820,335,960	13.30%				-36,345,000	-36,345,000	783,990,960	12.71%
(1) RMB common shares	820,335,960	13.30%				-36,345,000	-36,345,000	783,990,960	12.71%
(2) Domestic- listed shares for oversea investors									
(3) Foreign- listed shares for overseas investors									
(4) Others									
3. Total number of shares	6,167,399,389	100.00%				0	0	6,167,399,389	100.00%

Reasons of changes in shares

☐ Applicable ☒ Not applicable

36,345,000 shares locked by senior executives are newly issued in this reporting period

Approvals of changes in shares

☐ Applicable ☒ Not applicable

Account transferring of changes in shares

☐ Applicable ☒ Not applicable

Progress of share repurchase

☐ Applicable ☒ Not applicable

Progress in the implementation of the centralized bidding method to reduce the repurchased shares

☐ Applicable ☒ Not applicable

The impact of share changes on financial indicators such as basic earnings per share, and diluted earnings per share, net assets per share attributable to common shareholders of the company, etc.

☐ Applicable ☒ Not applicable

Other contents deemed necessary by the company or required by securities institutions

☐ Applicable ☒ Not applicable

2. Changes in shares with sales restrictions:

√ Applicable □ Not applicable

Unit: share

Name of shareholder	Number of shares with sales restrictions at the beginning of the period	Number of shares with sales restrictions released in the period	Number of shares with sales restrictions increased 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	2,550,549,260	0	0	2,550,549,260	Major asset replacement and issuance of shares to purchase assets for obtaining 2,550,549,260 restricted shares	Jan. 31, 2022
Li Yongxin	1,058,718,560	0	36,345,000	1,095,063,560	Major asset replacement and issuance of shares to purchase assets for obtaining 1,058,718,560 restricted shares. New 36,345,000 shares locked by senior executives added.	Jan. 31, 2022
Wang Zhendong	962,471,418	0		962,471,418	Major asset replacement and issuance of shares to purchase assets for obtaining 962,471,418 restricted shares.	Jan. 31, 2021
Beijing Aerospace Industry Investment Fund(Limited Partners)	267,353,171	0	0	267,353,171	Major asset replacement and issuance of shares to purchase assets for obtaining 267,353,171 restricted shares.	Jan. 31, 2021
Beijing Guangyin Venture Investment Center (Limited Partners)	178,235,447	0	0	178,235,447	Major asset replacement and issuance of shares to purchase assets for obtaining 178,235,447 restricted shares.	Jan. 31, 2021

Beijing Kirui Venture Investment Center(Limited Partners)	89,117,723	0	0	89,117,723	Major asset replacement and issuance of shares to purchase assets for obtaining 89,117,723 restricted shares.	Jan.31, 2022
Yang Shaofeng	48,123,570	0	0	48,123,570	Major asset replacement and issuance of shares to purchase assets for obtaining 48,123,570 restricted shares.	Jan. 31, 2021
Zhang Zhian	48,123,570	0	0	48,123,570	Major asset replacement and issuance of shares to purchase assets for obtaining 48,123,570 restricted shares.	Jan. 31, 2021
Liu Bin	48,123,570	0	0	48,123,570	Major asset replacement and issuance of shares to purchase assets for obtaining 48,123,570 restricted shares.	Jan. 31, 2021
Zhang Yongsheng	48,123,570	0	0	48,123,570	Major asset replacement and issuance of shares to purchase assets for obtaining 48,123,570 restricted shares.	Jan. 31, 2021
Guo Shihong	48,123,570	0	0	48,123,570	Major asset replacement and issuance of shares to purchase assets for obtaining 48,123,570 restricted shares.	Jan. 31, 2021
Total	5,347,063,429	0	36,345,000	5,383,408,429	--	--

Section II. Issuance and listing of securities

☐ Applicable ☒ Not applicable

Section III. Numbers of Shareholders and Shareholdings

Unit: Share

Total number of shareholders with ordinary shares at the end of the reporting period	33,231	Total number of preferred shareholders with voting rights restored at the end of the reporting	0
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				period (if any) (See Note 8)				
Shareholders with over 5% ordinary shares or top 10 ordinary shareholders								
Name of Shareholder	Nature of shareholder	Shareholding Percentage (%)	Total ordinary shares held at the end of the reporting period	Increase and decrease of shares during the reporting period	Number of ordinary shares held with sales restrictions	Number of ordinary shares held without sales restrictions	Pledged or Frozen	
							Status of shares	Number of shares
Lu Zhongfang	Domestic natural person	41.36 %	2,550,549,260	0	2,550,549,260	0	Pledged	450,000,000
Li Yongxin	Domestic natural Person	18.35 %	1,131,415,121	0	1,095,063,560	36,351,561	Pledged	774,495,000
Wang Zhendong	Domestic natural person	15.61 %	962,471,418	0	962,471,418	0	Pledged	107,100,000
Beijing Aerospace Industry Investment Fund(Limited Partnership)	Domestic non-state-owned legal person	4.33%	267,353,171	0	267,353,171	0		
Beijing Guangyin Venture Investment Center (Limited Partnership)	Domestic non-state-owned legal person	2.89%	178,235,447	0	178,235,447	0		
Beijing Kirui Venture Investment Center(Limited Partnership)	Domestic non-state-owned legal person	1.44%	89,117,723	0	89,117,723	0		
Beijing Offcn Future Information	Domestic non-state-owned legal person	1.30%	80,000,000	0	0	80,000,000		

Consulting Center(Limited Partnership)								
Zhou Xiayun	Domestic natural person	1.28%	78,848,640	0	0	78,848,640	Pledged	37,148,845
Zhou Hui	Domestic natural person	1.17%	72,277,920	0	0	72,277,920	Pledged	9,450,000
Hong Kong Securities Clearing Co.,Ltd.	Overseas legal person	0.84%	52,098,611	5,338,749	0	52,098,611		
Strategic Investors or Ordinary Legal Persons Become the Top 10 Shareholders with Ordinary Shares by the replacement of New Shares	No							
Description of the Above-mentioned Shareholders' Relationship or Concerted Action	The company's controlling shareholder and actual controller Lu Zhongfang and Li Yongxin are in a parent-child relationship. Lu Zhongfang, Li Yongxin, and Beijing Offcn Future Information Consulting Center (Limited Partnership) constitute persons acting in concert. Zhou Xiayun and Zhou Hui have a father-son relationship. It is unknown whether there is an associated relationship among the above-mentioned other shareholders, and whether the above-mentioned shareholders belong to the parties acting in concert as stipulated in the Administrative Measures on Disclosure of Information Disclosure of Shareholding Changes in Listed Companies.							
\Description of top 10 shareholders with ordinary Shares without sales restrictions								
Name of Shareholder	Number of ordinary shares without sales restrictions at the end of the reporting period					Type		
						Type	Quantities	
Beijing Offcn Future Information Consulting Center(Limited Partnership)	80,000,000					RMB ordinary shares	80,000,000	
Zhou Xiayun	78,848,640					RMB ordinary shares	78,848,640	
Zhou Hui	72,277,920					RMB ordinary shares	72,277,920	
Hong Kong Securities Clearing Co.,Ltd.	52,098,611					RMB ordinary shares	52,098,611	

Zhou li	48,185,280	RMB ordinary shares	48,185,280
Li Yongxin	36,351,561	RMB ordinary shares	36,351,561
China CITIC Bank Co.,Ltd.-Band of Communications Schroder New Vitality Flexible Configuration Hybrid Securities Investment Fund	16,513,031	RMB ordinary shares	16,513,031
National Social Security Fund 102 Portfolio	15,000,311	RMB ordinary shares	15,000,311
National Social Security Fund 414 Portfolio	10,763,018	RMB ordinary shares	10,763,018
Agricultural Bank of China Co., Ltd-Bank of Communications Schroder Growth Hybrid Securities Investment Fund	10,704,416	RMB ordinary shares	10,704,416
Description of the relationship or concerted action among the top 10 shareholders of ordinary shares without restrictions on , and between the top 10 shareholders of ordinary shares without restriction and the top 10 shareholders of ordinary shares	The company's controlling shareholder and actual controller Lu Zhongfang and Li Yongxin are in a parent-child relationship. Lu Zhongfang, Li Yongxin, and Beijing Offcn Future Information Consulting Center (Limited Partnership) constitute persons acting in concert. Zhou Xiaoyun and Zhou Hui have a father-son relationship. It is unknown whether there is an associated relationship among the above-mentioned other shareholders, and whether the above-mentioned shareholders belong to the parties acting in concert as stipulated in the Administrative Measures on Disclosure of Information Disclosure of Shareholding Changes in Listed Companies.		
Description of the Top 10 Ordinary Shareholders Participating in the Margin trading(if any)	None		

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

☐ Yes ☒ No

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

Section IV. Change of controlling shareholders or actual controller

Changes of controlling shareholders during the reporting period

☐ Applicable ☒ Not applicable

No changes of controlling shareholders during the reporting period

Changes of actual controllers during the reporting period

☐ Applicable ☒ Not applicable

No changes of actual controllers during the reporting period.

Chapter VII. Preferred Shares

☐ Applicable ☒ Not applicable

No preferred shares existed during the reporting period

Chapter VIII. Convertible Corporate Bonds

☐ Applicable ☒ Not applicable

No convertible corporate bonds existed during the reporting period

Chapter IV. Information of Directors, Supervisors and Senior Executives

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

☐ Applicable ☒ Not applicable

No changes in shares held by the directors, supervisors and senior executives of the Company during the reporting period, please refer to the annual report of 2019.

Section II. Changes of Company's directors, supervisors and senior executives

☐ Applicable ☒ Not applicable

No changes of directors, supervisors and senior executives during the reporting period, please refer to the annual report of 2019.

Chapter X. Corporate Bonds

Whether there is corporate bonds that the Company has publicly issued and listed on the stock exchange, and is not due on the date of approval of the semi-annual report or has not been fully redeemed at maturity

None.

Chapter XI. Financial Report

Section I. Auditor's Report

Whether audit has been performed on this semi-annual financial report.

☐ Yes ☒ No

The Company's 2020 semi-annual financial report has not been audited.

Section II. Financial Statement

The unit of statement in financial notes is : RMB

1. Consolidated Balance Sheet

Company: Offcn Education Technology Co., Ltd.

June 30, 2020

Unit: RMB

Item	June 30, 2020	December 31, 2019
Current Assets:		
Cash and cash equivalents	4,665,798,912.43	2,724,335,001.58
Settlement reserve		
Due from banks and other financial institutions		
Financial assets held for trading	2,156,713,143.65	1,754,396,227.54
Derivative Financial assets		
Notes Receivable		
Accounts Receivable	14,349,954.64	2,721,638.09
Financing receivables		
Prepayments	5,069,205.17	2,461,009.00
Premium receivable		
Reinsurance premium receivable		
Reserve receivable for reinsurance		
Other receivables	533,546,149.67	255,013,296.96
Inc: interest receivables	568,426.66	567,341.68
Dividends receivables		
Financial assets purchased under resale agreements		

Inventories		
Contract assets		
Assets held for sale		
Non-current assets due within one year	1,838,527,164.24	
Other current assets	242,135,136.12	97,336,600.16
Total current assets	9,456,139,665.92	4,836,263,773.33
Non-current assets:		
Loans And Advances		
Debt investments	122,023,500.00	1,923,598,909.09
Other debt investments		
Long-term receivables		
Long-term equity investments		
Other equity instruments	162,800,000.00	162,800,000.00
Other non-current financial assets	138,166,559.96	138,166,559.96
Investment properties	678,502,813.80	688,475,053.53
Fixed assets	870,207,450.02	672,429,601.44
Construction in progress	811,011,730.47	653,580,160.32
Bearer biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	194,133,316.45	197,507,227.40
Development expenditure		
Goodwill	99,867,720.38	99,867,720.38
Long-term deferred expense	232,654,802.11	240,565,962.02
Deferred tax assets	11,163,089.94	21,482,832.13
Other non-current assets	487,305,566.38	325,967,628.34
Total Non-current Assets	3,807,836,549.51	5,124,441,654.61
Total Assets	13,263,976,215.43	9,960,705,427.94
Current liabilities:		
Short-term borrowings	3,457,000,000.00	2,867,000,000.00
Borrowings from central bank		
Placement from banks and other financial institutions		

Financial liabilities held for trading		
Derivative Financial liabilities		
Notes payable		
Accounts payable	25,285,867.85	236,481,990.86
Receipts in advance		2,634,276,203.88
Contract liabilities	7,222,148,935.39	
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	422,605,744.49	411,475,636.03
Taxes payable	14,792,410.55	184,306,027.84
Other payables	54,583,260.88	88,693,411.98
Inc: Interest payables	13,367,960.06	4,521,557.54
Dividends payables		
Fees and commissions payable		
Reinsurance accounts payable		
Held-for-sale liabilities		
Non-current Liabilities due within One Year		
Other current liabilities	216,664,468.06	
Total Current Liabilities	11,413,080,687.22	6,422,233,270.59
Non-current Liabilities:		
Deposits for insurance contracts		
Long-term borrowings		
Bonds payable		
Inc: preferred shares		
Perpetual bond		
Lease liabilities		
Long-term payables		

Long-term employee benefits payable		
Provisions		
Deferred Income		
Deferred tax liabilities	105,663,825.85	106,932,273.03
Other non-current liabilities		
Total Non-current Liabilities	105,663,825.85	106,932,273.03
Total Liabilities	11,518,744,513.07	6,529,165,543.62
Owners' equity:		
Paid-in capital (share capital)	103,807,623.00	103,807,623.00
Other equity instrument		
Inc: preferred shares		
Perpetual bond		
Capital reserve	1,225,481,049.50	1,198,581,049.50
Deduct: Treasury stock		
Other comprehensive income	37,500,000.00	37,500,000.00
Special reserve		
Surplus reserve	45,000,000.00	45,000,000.00
General risk reserve		
Retained earnings	333,454,732.80	2,046,657,231.32
Total Owners' Equity Attributable To the Company	1,745,243,405.30	3,431,545,903.82
Minority interests	-11,702.94	-6,019.50
Total Owners' Equity	1,745,231,702.36	3,431,539,884.32
Total Liabilities and Owners' Equity	13,263,976,215.43	9,960,705,427.94

Legal Representative: Wang Zhendong

Person in charge of the accounting work: Shi Lei

Person in charge of the accounting department: Luo Xue

2. Balance sheet of the Company

Unit: RMB

Item	June 30, 2020	December 31, 2019
Current Assets:		
Cash and cash equivalents	6,681,747.05	6,931,803.33
Financial assets held for trading	1,601,681.64	101,681.64
Derivative Financial assets		
Notes Receivable		
Accounts Receivable	7,258,379.44	
Financing receivables		
Prepayments		
Other receivables	688,067,588.44	1,717,949,520.99
Inc: interest receivables		
Dividends receivables		1,700,000,000.00
Inventories		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	913,141.57	
Total current assets	704,522,538.14	1,724,983,005.96
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	18,582,307,907.14	18,582,307,907.14
Other equity instruments	162,800,000.00	162,800,000.00
Other non-current financial assets		
Investment properties	390,310,224.04	395,978,156.15
Fixed assets		
Construction in progress	372,569,103.57	72,569,103.57
Bearer biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets		

Development expenditure		
Goodwill		
Long-term deferred expense		
Deferred tax assets	10,900,433.61	10,804,928.62
Other non-current assets		
Total Non-current Assets	19,518,887,668.36	19,224,460,095.48
Total Assets	20,223,410,206.50	20,949,443,101.44
Current liabilities:		
Short-term borrowings	800,000,000.00	
Financial liabilities held for trading		
Derivative Financial liabilities		
Notes payable		
Accounts payable	561,752.26	561,752.26
Receipts in advance		
Contract liabilities		
Employee benefits payable		
Taxes payable	1,421,656.07	791,191.77
Other payables	7,715,532.90	40,275,566.88
Inc: Interest payables	957,000.01	
Dividends payables		
Held-for-sale liabilities		
Non-current liabilities due within one year		
Other current liabilities		
Total Current Liabilities	809,698,941.23	41,628,510.91
Non-current Liabilities:		
Long-term borrowings		
Bonds payable		
Inc: preferred shares		
Perpetual bond		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		

Deferred Income		
Deferred tax liabilities	12,500,420.41	12,500,420.41
Other non-current liabilities		
Total Non-current Liabilities	12,500,420.41	12,500,420.41
Total Liabilities	822,199,361.64	54,128,931.32
Owners' equity:		
Paid-in capital (share capital)	6,167,399,389.00	6,167,399,389.00
Other equity instrument		
Inc: preferred shares		
Perpetual bond		
Capital reserve	12,775,326,370.33	12,775,326,370.33
Deduct: Treasury stock		
Other comprehensive income	37,500,000.00	37,500,000.00
Special reserve		
Surplus reserve	387,458,806.65	387,458,806.65
Retained earnings	33,526,278.88	1,527,629,604.14
Total Owners' Equity	19,401,210,844.86	20,895,314,170.12
Total Liabilities and Owners' Equity	20,223,410,206.50	20,949,443,101.44

3. Consolidated Income Statement

Unit: RMB

Item	Half year of 2020	Half year of 2019
Total operating income	2,807,980,480.60	3,637,419,515.48
Inc: Operating income	2,807,980,480.60	3,637,419,515.48
Interest income		
Insurance gained		
Fee and commission income		
Total operating costs	3,244,547,876.16	3,098,605,498.12
Inc: Operating cost	1,452,611,180.39	1,545,288,459.56
Interest expense		
Fee and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		

Reinsurance expense		
Taxes and surcharges	6,277,633.04	31,833,247.21
Sales expense	700,817,453.92	675,313,099.29
General and administrative expenses	518,959,454.14	499,631,045.91
Research and development expenses	383,227,531.01	304,030,157.51
Financial expenses	182,654,623.66	42,509,488.64
Inc: Interest expenses	85,130,012.11	46,924,890.43
Interest income	2,889,907.48	37,722,676.13
Add: Other income	84,454,707.44	230,676.42
Investment income (Losses are indicated by “-”)	128,818,126.44	53,971,926.62
Inc: Investment income on affiliated company and joint venture		
The termination of income recognition for financial assets measured by amortized cost		
Exchange income (Loss is indicated by “-”)		
Net exposure hedging income (Loss is indicated by “-”)		
Income from change of fair value (Loss is indicated by “-”)		
Loss of credit impairment (Loss is indicated by “-”)	-770,761.79	
Losses of devaluation of asset (Loss is indicated by “-”)		
Income from assets disposal (Loss is indicated by “-”)	162,043.59	198,807.74
Operating profit (Loss is indicated by “-”)	-223,903,279.88	593,215,428.14
Add: Non-operating income	20,148.00	1,565,171.86
Less: Non-operating expenses	93,502.28	82,996.53
Total profit (Total Loss is indicated by “-”)	-223,976,634.16	594,697,603.47
Less: Income tax expenses	9,055,694.44	101,672,138.32
Net profit (Net loss is indicated by “-”)	-233,032,328.60	493,025,465.15
Classified by continuing/discontinuing operation		
(1) Net profit from continuing operations (Net loss is indicated by “-”)	-233,032,328.60	493,025,465.15
(2) Net profit from discontinued operations (Net loss is indicated by “-”)		
Classified by ownership		
Net profit attributable to owners of the Company	-233,026,645.16	493,025,465.15
Minority shareholders’ gains and losses	-5,683.44	

Other comprehensive income after tax		
Net other comprehensive income after tax attributable to controlling interest		
1. Other comprehensive income not reclassified into gains or losses		
Changes of the defined benefit plans that re-measured		
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		
Change in fair value of the enterprise's own credit risk		
Others		
2. Other comprehensive income classified into gains or losses		
Under the equity method, the share of other comprehensive income classified into gains or losses		
Changes in the fair value of other debt instruments		
Amount of financial assets reclassified to other comprehensive income		
Credit impairment provision for other debt investment		
Cash flow hedging reserve		
Translation differences arising on translation of foreign currency financial statements		
Others		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	-233,032,328.60	493,025,465.15
Total comprehensive income attributable to owners of the Company	-233,026,645.16	493,025,465.15
Total comprehensive income attributable to minority interests	-5,683.44	
VIII. Earnings per share		
1. Basic earnings per share	-0.04	0.08
2. Diluted earnings per share	-0.04	0.08

Should there be any merger of enterprises under the same control during this reporting period, the net profit achieved by the merged party before the merger shall be: RMB 0.00, and the net profit achieved by the merged party in the previous period shall be: RMB 0.00.

Legal Representative: Wang Zhendong

Person in charge of the accounting work: Shi Lei

Person in Charge of the Accounting Department: Luo Xue

4. Income statement of the Company

Unit: RMB

Item	Half Year of 2020	Half Year of 2019
I. Total operating income	7,276,570.86	7,276,570.86
Less: Operating cost	5,667,932.11	5,668,813.35
Taxes and surcharges	2,120,841.35	16,402,430.70
Sales expense		
General and administrative expenses	2,930,657.06	11,921,385.81
Research and development expenses		
Financial expenses	10,672,898.30	120.21
Inc: Interest expenses	10,703,779.17	
Interest income	-43,607.28	2,270.78
Add: Other income	474,801.04	
Investment income (Losses are indicated by "-")		30,534.61
Inc: Investment income on affiliated company and joint venture		
The termination of income recognition for financial assets measured by amortized cost(Loss is indicated by "-")		
Net exposure hedging income (Loss is indicated by "-")		
Income from change of fair value (Loss is indicated by "-")		
Loss of credit impairment (Loss is indicated by "-")	-382,019.97	
Losses of devaluation of asset (Loss is indicated by "-")		
Income from assets disposal (Loss is indicated by "-")		
I. Operating profit (Loss is indicated by "-")	-14,022,976.89	-26,685,644.60
Add: Non-operating income		
Less: Non-operating expenses		

III. Total profit (Total Loss is indicated by “-”)	-14,022,976.89	-26,685,644.60
Less: Income tax expenses	-95,504.99	
IV. Net profit (Net loss is indicated by “-”)	-13,927,471.90	-26,685,644.60
1. Net profit from continuing operations (Net loss is indicated by “-”)	-13,927,471.90	-26,685,644.60
2. Net profit from discontinued operations (Net loss is indicated by “-”)		
V. Other comprehensive income after tax		
1. Other comprehensive income not reclassified into gains or losses		
Changes of the defined benefit plans that re-measured		
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		
Change in fair value of the enterprise’s own credit risk		
Others		
2. Other comprehensive income classified into gains or losses		
Under the equity method, the share of other comprehensive income classified into gains or losses		
Changes in the fair value of other debt instruments		
Amount of financial assets reclassified to other comprehensive income		
Credit impairment provision for other debt investment		
Cash flow hedging reserve		
Translation differences arising on translation of foreign currency financial statements		
Others		
VI. Total comprehensive income	-13,927,471.90	-26,685,644.60
VII. Earnings per share		
1. Basic earnings per share		

2. Diluted earnings per share		
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5. Consolidated Cash Flow Statement

Unit: RMB

Item	Half Year of 2020	Half Year of 2019
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	7,685,015,351.32	7,475,964,695.98
Net increase in customer bank deposits and due to banks and other financial institutions		
Net increase in borrowings from central bank		
Net increase in placements from other financial institutions		
Premiums received from original insurance contracts		
Net cash received from reinsurance		
Net increase in deposits from policyholders		
Cash received from interest, fee and commission		
Net increase in placements from banks and other financial institutions		
Net increase in repurchase business capital		
Net cash from acting trading securities		
Tax rebates received		
Cash received relating to other operating activities	14,139,064.39	887,943.94
Sub-total of cash inflows from operating activities	7,699,154,415.71	7,476,852,639.92
Cash payments for goods purchased and services received	519,654,701.91	691,809,578.76
Net increase in loans and advances to customers		
Net increase in deposits with central bank and other financial institutions		
Original insurance contract claims paid		
Net increase in loans to banks and other financial institutions		
Cash paid for interest, fee and commission		
Policyholder Dividend Paid Cash paid as policy dividend		
Cash paid to and for employees	2,295,211,119.61	1,744,813,719.22
Cash paid for all types of taxes	199,637,364.28	261,157,371.15
Cash paid relating to other operating activities	620,975,725.72	424,305,172.26
Sub-total of cash outflows from operating activities	3,635,478,911.52	3,122,085,841.39

Net cash flow from operating activities	4,063,675,504.19	4,354,766,798.53
II. Cash flows from investing activities:		
Cash receipts from disposals and recovery of investments	17,567,171,173.89	9,456,190,000.00
Cash receipts from investment income	91,865,286.31	59,805,746.06
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	162,043.59	
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	17,659,198,503.79	9,515,995,746.06
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	844,329,065.33	214,352,186.66
Cash paid for investment	17,970,288,090.00	11,806,840,000.00
Net increase in pledged loans receivables		
Net cash payments for acquisitions of subsidiaries and other business units		
Cash paid relating to other investing activities		
Sub-total of cash outflows from investing activities	18,814,617,155.33	12,021,192,186.66
Net cash flow from investing activities	-1,155,418,651.54	-2,505,196,440.60
III. Cash flows from financing activities:		
Cash received from investors		
Inc: cash receipts from capital contributions from minority owners of subsidiaries		
Cash from borrowings	2,320,000,000.00	360,000,000.00
Other cash received relating to other financing activities		
Sub-total of cash inflows from financing activities	2,320,000,000.00	360,000,000.00
Cash repayments of borrowings	1,730,000,000.00	
Cash payments for distribution of dividends or profits or settlement of interest expenses	1,556,459,462.95	1,453,962,092.80
Inc: payments for distribution of dividends or profits to minority owners of subsidiaries		
Cash paid relating to other financing activities	333,478.85	320,723.05
Sub-total of cash outflows from financing activities	3,286,792,941.80	1,454,282,815.85
Net cash flow from financing activities	-966,792,941.80	-1,094,282,815.85
IV. Effect of foreign exchange rate changes on cash and cash		

equivalents		
V. Net increase in cash and cash equivalents	1,941,463,910.85	755,287,542.08
Add: Initial cash and cash equivalents balance	2,724,335,001.58	648,711,545.32
VI. The final cash and cash equivalents balance	4,665,798,912.43	1,403,999,087.40

6. Cash Flow Statements of the Company

Unit: RMB

Item	Half Year of 2020	Half Year of 2019
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services		
Tax rebates received		
Cash received relating to other operating activities	1,748,092.19	563,220,614.96
Sub-total of cash inflows from operating activities	1,748,092.19	563,220,614.96
Cash payments for goods purchased and services received		
Cash paid to and for employees		895,723.48
Cash paid for all types of taxes	2,606,189.88	19,409,326.35
Cash paid relating to other operating activities	707,635,847.22	125,205,047.40
Sub-total of cash outflows from operating activities	710,242,037.10	145,510,097.23
Net cash flow from operating activities	-708,493,944.91	417,710,517.73
II. Cash flows from investing activities:		
Cash receipts from disposals and recovery of investments		23,960,000.00
Cash receipts from investment income	1,700,000,000.00	1,550,030,534.61
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		
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	1,700,000,000.00	1,573,990,534.61
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	300,000,000.00	1,929,500.00
Cash paid for investment	1,500,000.00	24,060,000.00
Net cash payments for acquisitions of subsidiaries and other business units		
Cash paid relating to other investing activities		
Sub-total of cash outflows from investing activities	301,500,000.00	25,989,500.00

Net cash flow from investing activities	1,398,500,000.00	1,548,001,034.61
III. Cash flows from financing activities:		
Cash received from investors		
Cash from borrowings	800,000,000.00	
Other cash received relating to other financing activities		
Sub-total of cash inflows from financing activities	800,000,000.00	
Cash repayments of borrowings		216,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses	1,489,922,632.52	1,738,432,883.87
Cash paid relating to other financing activities	333,478.85	1,503,370.80
Sub-total of cash outflows from financing activities	1,490,256,111.37	1,955,936,254.67
Net cash flow from financing activities	-690,256,111.37	-1,955,936,254.67
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-250,056.28	9,775,297.67
Add: Initial cash and cash equivalents balance	6,931,803.33	5,304,519.61
VI. The final cash and cash equivalents balance	6,681,747.05	15,079,817.28

7. Consolidated Statement of Changes in Owners' Equity

Figures of Current per

Unit: RMB

ITEM	Half Year of 2020													
	Attributable to owners of the Company													Minority interests
	Paid-in capital/Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others	Subtotal	
I. Closing balance of the preceding year					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
Add: Changes in accounting policies														
Corrections of prior period errors														
Enterprises merger under the same control														
Others														
II. Opening balance of the current year					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
III. Changes for the year (Decrease is indicated by "-")					26,900,000.00						-1,713,202,498.52		-1,686,302,498.52	-5,683.44
(I) Total comprehensive income											-233,026,645.16		-233,026,645.16	-5,683.44
(II) Owner's contributions and reduction of capital					26,900,000.00								26,900,000.00	
1. Capital contribution from owners														
2. Other equity instrument owner's invested capital	103,807,623.00													
3. Share-based payment recognized in owner's equity					26,900,000.00								26,900,000.00	
4. Others														
(III) Profit distribution											-1,480,175,853.36		-1,480,175,853.36	
1. Withdrawal of surplus reserves														
2. Withdrawal of general risk reserve														
3. Distribution to owners											-1,480,175,853.36		-1,480,175,853.36	
4. Others														
(IV) Transfers within owners' equity														
1. Capital reserves converted to capital (share capital)														
2. Surplus reserves converted to capital (share capital)														
3. Remedying loss with surplus reserves														
4. Carry-over retained earnings from the defined benefit plans														
5. Carry-over retained earnings from other comprehensive income														
6. Others														
(V) Extraction and use of special reserve														
1. Recognized special reserve														
2. Use of special reserve														
(VI) Others														
IV. Closing balance of the current year	103,807,623.00				1,225,481,049.50		37,500,000.00		45,000,000.00		333,454,732.80		1,745,243,405.30	-11,702.94

Year of 2019

Unit: RMB

ITEM	Half 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	Others											
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											247,170.28		247,170.28		247,170.28
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				45,000,000.00		1,660,610,402.78		2,954,199,075.28		2,954,199,075.28
III. Changes for the year (Decrease is indicated by)					26,900,000.00						-925,476,394.32		-898,576,394.32		-898,576,394.32
(I) Total comprehensive income											493,025,465.15		493,025,465.15		493,025,465.15
(II) Owner's contributions and reduction of capital					26,900,000.00								26,900,000.00		26,900,000.00
1. Capital contribution from owners															
2. Other equity instrument owner's invested capital															
3.Share-based payment recognized in owner's					26,900,000.00								26,900,000.00		26,900,000.00
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															
1. Capital reserves conversed to capital (share															
2. Surplus reserves conversed to capital (share															
3.Remedying															
loss with surplus reserves															
4.Carry-over retained earnings fromthe defined benefit plans															
5.Carry-over retained earnings fromother comprehensive income															
6. Others															
(V)Extraction and use of special reserve															
1. Recognized special reserve															
2. Use of special reserve															
(VI) Others															
IV. Closing balance of the current year	103,807,623.00				1,171,681,049.50				45,000,000.00		735,134,008.46		2,055,622,680.96		2,055,622,680.96

8. Statement of Changes in Owners' Equity

Figures of current period

Unit: RMB

ITEM	Half Year of 2020											
	Share capital	Other equity instrument			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Retained earnings	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. Closing balance of the preceding year	6,167,399,389.00				12,775,326,370.33		37,500,000.00		387,458,806.65	1,527,629,604.14		20,895,314,170.12
Add: Changes in accounting policies												
Corrections of prior period errors												
Others												
II. Opening 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
III. Changes for the year (Decrease is indicated by “-”)										-1,494,103,325.26		-1,494,103,325.26
(I) Total comprehensive income										-13,927,471.90		-13,927,471.90
(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 recognized in owner's equity												
4. Others												
(III) Profit distribution										-1,480,175,853.36		-1,480,175,853.36
1. Withdrawal of surplus reserves												
2. Distribution to owners										-1,480,175,853.36		-1,480,175,853.36
3. Others												
(IV) Transfers within owners' equity												
1. Capital reserves conversed to capital (share capital)												
2. Surplus reserves conversed to capital (share capital)												
3. Remedying loss with surplus reserves												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Others												
(V) Extraction and use of special reserve												
1. Recognized special reserve												
2. Use of special reserve												
(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	33,526,278.88		19,401,210,844.86

Figures of previous period

Unit: RMB

ITEM	Half Year of 2019										
	Share capital	Other equity instrument			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Retained earnings	Total owners' equity
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											
Corrections of prior period errors											
Others											
II. Opening 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
III. Changes for the year (Decrease is indicated by "-")										-1,445,187,504.07	-1,445,187,504.07
(I) Total comprehensive income										-26,685,644.60	-26,685,644.60
(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 recognized in owner's equity											
4. Others											
(III) Profit distribution										-1,418,501,859.47	-1,418,501,859.47
1. Withdrawal of surplus reserves											
2. Distribution to owners										-1,418,501,859.47	-1,418,501,859.47
3. Others											
(IV) Transfers within owners' equity											
1. Capital reserves converted to capital (share capital)											
2. Surplus reserves converted to capital (share capital)											
3. Remedying loss with surplus reserves											
4. Carry-over retained earnings from the defined benefit plans											
5. Carry-over retained earnings from other comprehensive income											
6. Others											
(V) Extraction and use of special reserve											
1. Recognized special reserve											
2. Use of special reserve											
(VI) Others											
IV. Closing balance of the current year	6,167,399,389.00				12,775,326,370.33				219,269,455.48	-12,760,201.00	19,149,235,013.81

Section III. General Information

1. Overview of the Company

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

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

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

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

Unified social credit code: 91340200711040703A

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

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

Nature of business: Education

Nature of customer: Mainly natural persons

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

The Financial Statements were approved by the Board of Directors of the Company on August 28, 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 IX (1) "Interest in subsidiaries" of this report; changes in the scope of consolidated financial statements are detailed in Note VIII. "Changes in the Consolidated Scope" of this report.

Section IV. Basis for Preparation of Financial Statements

1. Basis of preparation

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

2. Going concern

The Company evaluated the ability to continue operations for 12 months from the end of the reporting period and did not find any matters and situations that may cast significant doubts on the ability to continue operations. Therefore, it is reasonable for the Company to prepare financial statements on a going concern basis.

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

Notes on specific accounting policies and accounting estimates:

None

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

The financial statements based on the above-mentioned preparation basis meet the requirements of the latest CASs and its application guidelines, interpretations, and other relevant regulations issued by the Ministry of Finance, which truly and completely present the Company's financial position, business performance, cash flows and other information for the year then ended. In addition, the financial report is compiled by reference to the listing and disclosure requirements of the Rules for the Information Disclosure and Compilation of Companies Publicly Issuing Securities NO.15 — General Provisions for Financial Report (Revised in 2014) of the CSRC as well as the Notice on Implementation of the New Accounting Standards for Listed Companies (Letter of the Accounting Department [2018] no. 453).

2. Accounting period

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

3. Business cycle

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

4. Recording currency

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

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

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

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

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

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. If the acquiree combination costs after reviews are still less than the fair value of identifiable net asset, the difference will be added into the current profits and losses.

To achieve business combinations not under common control by step-by-step multiple transactions 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 step-by-step multiple transactions to the loss of control over subsidiaries

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

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

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

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

All the transactions, belonging to the package deal in the process of disposing of equity investments in subsidiaries to the loss of control, should be accounted for as one transaction disposing of the subsidiary to the loss of control over it; however, the difference between each disposal price and the share of the subsidiary's net assets obtained by the disposal of investment before the loss of control shall be recognized as other comprehensive income in the consolidated financial statements and shall be transferred to the profit and loss of the period when the control is lost.

In the consolidated financial statements, the remaining equity should be remeasured at its fair value on the date when the control is lost. The difference between the sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, and the shares of the net assets of the original subsidiary calculated from the purchase date based on the original shareholding ratio, shall be included in the investment

income of the period when the control is lost. Other comprehensive income related to the original subsidiary's equity investment shall be converted to current investment income when control is lost.

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

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

When the control over disposing of the investment in a subsidiary 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 equity and the fair value of the remaining equity minus the share of the net assets that should be calculated by the original subsidiary from the date of purchase based on the original shareholding ratio is included in the investment income of the period when the control is lost. Other comprehensive income related to the equity investment of the original subsidiary shall be converted to current investment income when control is lost.

6. Preparation of consolidated financial statements

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

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

7.1 Identification and classification of joint arrangements

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

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

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

under this arrangement.

7.2 Accounting treatment of joint arrangements

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

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

8. Criteria for the recognition of cash and cash equivalents

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

9. Translation of foreign currency transactions and foreign currency statement

9.1 Translation of transactions denominated in foreign currencies

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

9.2 Translation of financial statements denominated in foreign currencies

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

10. Financial instruments

10.1 Recognition and derecognition of financial instruments

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

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

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

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

10.2 Classification and measurement of financial assets

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

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

(1) Financial assets at amortized cost

Financial assets are classified as financial assets at amortized cost when following conditions are met: the Company's business model for managing financial assets targets to receive contractual cash flows; The contractual terms of the financial assets stipulate that the cash flows generated on a specific date are exclusively used to pay the principal and the interest based on the outstanding principal amount. For such financial assets, effective interest rate method is applied to subsequently measure them at amortized cost, and 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 at fair value through other comprehensive income when following conditions are met: the Company's business model for managing financial assets targets at both the receiving of

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

(3) Equity 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 the related dividend income is included in profit or loss. The changes of fair value are included in other comprehensive income and the accumulated gains or losses are transferred to retained earnings until the financial assets are derecognized.

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

Any financial assets that are not recognized as the financial assets at amortized cost or at fair value through other comprehensive income 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. Such financial assets are 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-party transaction expense is directly recognized in current profit or loss as incurred. And other financial assets' transaction expense is included in the initial recognition amount.

10.3 Classification and measurement of financial liabilities

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

The financial liabilities meeting any of the following conditions can be initially 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-party transaction expense is directly recognized in current profit or loss. The related-party transaction expense of other financial liabilities is included in the initial recognition amount.

Subsequent measurement of financial liabilities depends on its categories:

(1) Financial liabilities at amortized cost

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

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

Financial liabilities measured at fair value and booked into current profits and losses, which includes trading financial liabilities (including derivatives of financial liabilities) and those initially designated as financial liabilities 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 obtained after the offsetting of financial assets and financial liabilities shall be shown in the balance sheet: there is a legal right to offset the recognized amount, and such legal right is currently enforceable; plan to settle on a net basis, or cash the financial assets and liquidate the financial liabilities at the same time.

10.5 Impairment of financial assets

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

The Company estimates, individually or in combination, the expected credit losses of financial assets measured at amortized cost and financial assets (debt instruments) measured at fair value through other comprehensive income, taking into account all reasonable and evidence-based information, including forward-looking information.

(1) General model of expected credit loss

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company shall measure the loss provision at the amount equivalent to the expected credit loss of the financial instrument for the entire life of the instrument; If the credit risk of the financial instrument has not increased significantly since the initial recognition, the Company shall measure the loss provision at the amount equivalent to the expected credit loss of the financial instrument in the next 12 months. The increase or rollover amount of the loss provision shall be recorded in the current profit and loss as an impairment loss or gain. For the Company's specific

assessment of credit risk, please refer to this report Note X “Risks Associated With Financial Instruments” for details.

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

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

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

Stage 3: Credit impairment occurs after initial recognition.

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

For financial assets whose credit impairment has occurred at the time of purchase or origin, the Company shall only recognize the changes in the expected credit loss during the whole duration after the initial recognition as loss provision, and calculate interest income at their amortized cost and the actual interest rate adjusted by credit.

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

If the Company confirms that the default risk of the financial instruments is low, the borrowers' short-term ability to fulfill its obligation to pay the contract cash flow is very strong, and even the economic situation and business environment is in a long-term adverse change, the borrower's ability to fulfill its obligation to pay the contract

cash flow will not be necessarily reduced, then the financial instruments can be deemed with a lower credit risk.

(3) Receivables and lease receivables

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

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

10.6 Financial assets transfer

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

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

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

11. Notes receivable

None

12. Accounts receivable

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

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

When a single financial asset can evaluate the expected credit loss at a reasonable cost, the Company chooses to

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

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

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

13. Receivables financing

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

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

14. Other receivables

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

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

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

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

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

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

15. Inventory

15.1 Classification of inventories

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

15.2 Method of valuation for delivery of inventory

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

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

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 directly used for sale, in the normal production and operation process, the net realizable value is determined by the amount of the estimated selling price of the inventory less the estimated sales cost and relevant taxes and fees; for material inventories that need to be processed, in the normal production and operation process, the net realizable value is determined by the amount of the estimated selling price of finished products produced less the estimated cost to be occurred during the producing process, the estimated selling expenses and related taxes and fees; on the balance sheet date, if some of the inventory has contractual price and the others do not, the net realizable value is determined separately and by comparing with its corresponding cost, the amount of the provision for inventory depreciation or reversal is determined separately.

15.4 Inventory stocktaking system

The perpetual inventory system is maintained for inventory stocktaking system.

15.5 Amortization of low-value consumables and packages

(1) Low-value consumables

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

(2) Packages

Packages are amortized by one-time write-off.

16. Contract assets

None

17. Contract costs

None

18. Holding for sale

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

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

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

assets applicable to the measurement requirements of this standard in the disposal group except the goodwill.

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

19. Debt investment

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

20. Other debt investment

None

21. Long-term receivables

None

22. Long-term equity investments

22.1 Determination of investment costs

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

Where an enterprise merger under the same control is realized step by step, the initial investment cost shall be the owner's equity share in the combined party's book calculated on shareholding ratio on the merger date. The difference between the initial investment cost and the book value of the original long-term equity investment plus the sum of the book values of further consideration paid for the new shares on the merger date is adjusted for capital reserve (capital premium or equity premium). If capital reserve is insufficient to offset, it needs to adjust the retained earnings.

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

(3) Except for the situation of enterprise merger: if the purchase is paid in cash, the initial investment cost shall be the purchase price actually paid; Where equity securities are issued, the fair value of equity securities issued shall be taken as the initial investment cost; Where an investor invests, the initial investment cost shall be the value

agreed upon in the investment contract or agreement (except where the value agreed upon in the contract or agreement is not fair).

22.2 Subsequent measurement and recognition methods of profits and losses

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

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

When the equity method is adopted, after the acquisition of long-term equity investment, the investment profit and loss shall be recognized and the book value of long-term equity investment shall be adjusted according to the share of net profit and loss realized by the investee that should be enjoyed or shared. Upon the confirmation of the enjoyed share of the net profit and loss from the invested entity, it shall be made on the basis of the fair value of the identifiable assets of the investee when the investment is acquired, according to the company's accounting policies and accounting periods, offsetting insider trading profits and losses between associated enterprises and joint ventures, calculating the proportion that shall be included in investor according to the shareholding ratio (but if insider trading loss belongs to the asset impairment loss, it should be fully confirmed) and adjusting the net profit of the investee. According to the profit or cash dividend declared to be distributed by the investee, the share payable shall be calculated, and correspondingly the book value of the long-term equity investment is reduced. The company shall recognize the net loss incurred by the investee to the extent that the book value of the long-term equity investment and other long-term rights and interests substantially constituting the net investment of the investee shall be written down to zero, except where the company is obligated to bear additional losses. For the changes of owners' equity other than the net profit and loss of the investee, the book value of the long-term equity investment shall be adjusted and included in the owners' equity.

22.3 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.

22.4 Disposal of long-term equity investments

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

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

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

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

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

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

23. Investment properties

Measurement model of Investment properties

Measured by cost method

Depreciation or amortization method

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

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

24. Fixed Assets

(1) Recognition criteria for fixed assets

24.1 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.

(2) Depreciation methods for fixed assets

Category	Deprecation methods	Depreciation period (years)	Residual value rate (%)	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%

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

Financial leasing shall be deemed as if it meets one or more of the following criteria :(1) upon expiration of the lease term, the ownership of the leased asset shall be transferred to the lessee;(2) The lessee has an option to purchase the leased asset, and the purchase price is expected to be far lower than the fair value of the leased asset at the time of exercising the option, so it can be reasonably determined that the lessee will exercise such option at the beginning of the lease;(3) Even if the ownership of the assets is not transferred, the lease term shall account for most of the useful life of the leased assets (usually more than 75% (including 75%) of the useful life of the leased assets);(4) The present value of the minimum lease payment of the lessee on the lease starting date is almost equivalent to the fair value of the lease assets on the lease starting date [more than 90% (including 90%)];The present value of the lessor's minimum lease receipt on the lease commencement day is almost equivalent to the fair value of the lease assets on the lease commencement day [more than 90% (including 90%)];(5) The leased assets are of special nature, and only the lessee can use them without major transformation.The fixed assets leased in financing shall be recorded at the lower of the fair value of the leased assets and the present value of the minimum lease payment at the beginning of the lease, and the depreciation shall be calculated and withdrawn according to the depreciation policy of the fixed assets owned by the lessee.

25. Construction in progress

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

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

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

26. Borrowing cost

26.1 Recognition criteria of capitalization

Borrowing costs 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 shall be recognized as expenses when incurred and shall be included in the current profit and loss.

26.2 Period of capitalization

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

(2) Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. 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.

26.3 Capitalization amount of borrowing costs

Where funds are borrowed for the purpose of purchasing, constructing or producing assets that meet the capitalization conditions, the amount of interest to be capitalized is the actual interest expenses incurred on that borrowing for the period (including the amortization of discounts or premiums determined in accordance with the actual interest rate method), less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment. Where general borrowings are occupied for the purchase, construction or production of assets that meet the capitalization conditions, the Company determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to 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 borrowings.

27. Biological assets

None

28. Oil and gas assets

None

29. Right-of-use assets

None

30. Intangible assets

(1) Valuation method, service life and impairment test

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

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

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

(2) Accounting policies for internal research and development expenditure

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

31. Impairment of long-term assets

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

The goodwill 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.

32. Long-term deferred expense

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

33. Contract liabilities

Contract liabilities refer to the Company's obligation to transfer goods to a customer from whom the Company

has received consideration or the amount is due from the customer. If the customer has paid the contract consideration or the company has obtained the unconditional right to receive the payment before the Company transfers the goods to the customer, the Company shall present the received or receivable as a contract liability at the earlier time of the actual payment and due payment. The Company shall present the net amount of contract assets and contract liabilities under the same contract and contract assets and contract liabilities under different contracts are not offset.

34. Employee compensation

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

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.

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

(2) Accounting treatment methods of post-employment benefits

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

(3) Accounting treatment methods of 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.

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

None

35. Lease liabilities

None

36. Provisions

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

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

37. Share-based payments

37.1 Categories of share-based payments

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

37.2 Determination of fair value of equity instruments

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

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

37.3 Basis for determining the best estimate of exercisable 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.

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

(1) Equity-settled share-based payments

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

services obtained in the current period are included in related costs or expenses, and the capital reserve is adjusted accordingly.

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

(2) Cash-settled share-based payments

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

(3) Modifying and terminating the share payment plan

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

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

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

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

None

39. Revenue

Accounting policies applied in revenue recognition and measurement

39.1 Recognition of income

The Company has fulfilled its performance obligation in the contract, that is, to recognize revenue when the customer acquires control of the relevant goods. Access to control of related commodities refers to the ability to dominate the use of the commodity and obtain almost all economic benefits from it.

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

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

- 1) The customer obtains and consumes the economic benefits brought by the Company's performance when the Company fulfills its performance.
- 2) The customer can control the assets under construction during the performance of the Company.
- 3) The assets produced by the Company during the performance have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance that has been completed so far during the entire contract period.

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

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

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

- 1) The Company has the current right to collect payment for the goods or services, that is, the customer has the current payment obligation for the product;
- 2) The Company has transferred the legal ownership of the goods to the customer, that is, the customer has the

legal ownership of the goods;

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

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

5) The customer has accepted the commodity in control;

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

Specific policies for revenue recognition:

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

39.3 Measurement of revenue

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

(1) Variable consideration

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

(2) Significant financing component

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

(3) Non-cash consideration

If the customer pays non-cash consideration, the company shall determine the transaction price based on the fair

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

(4) Consideration payable to customer

For the consideration payable to the customer, the consideration payable shall be offset by the transaction price, and the current revenue shall be offset at the time when the relevant revenue is recognized and the payment (or promised to pay) of the customer's consideration is later. Except where the customer consideration is due to obtain other clearly distinguishable goods from the customer.

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

Differences in accounting policies for revenue recognition due to different business models

None

40. Government grants

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

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

40.3 The government grant adopts the total method

(1) A government grant related to an asset is recognized as deferred income, and 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.

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

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

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

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

41.3 On the balance sheet date, 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.

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

42. Lease

42.1 Accounting treatment of operating leases

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

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

42.2 Accounting treatment of financial leases

The Company as lessee under finance leases: at the commencement of the lease term, the Company records the

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

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

43. Other significant accounting policies and accounting estimates

None

44.Changes in Important Accounting Policies and Accounting Estimates

(1) Changes in Important Accounting Policies

☒ Applicable ☐ Not applicable

Content and reasons of changes in accounting policies	Approval procedures	Remarks
According to the revised <i>Accounting Standards for Business Enterprises No. 14 - Revenue (Accounting [2017] No. 22)</i> (hereinafter referred to as the new revenue standard) issued by the Ministry of Finance on July 5, 2017, the Company will implement the new revenue standard from January 1, 2020.	Approved by the 10th Meeting of the 5th Board of Directors and the 9th Meeting of the 5th Board of Supervisors.	The Company adjusted the amount of relevant items in the opening financial statements, not adjusting the information in the comparable periods.

(2) Changes in Important Accounting Estimates

☐ Applicable ☒ Not applicable

(3) The new revenue standard and the new lease standard adjustment have been implemented for the first time since 2020. Here are the related items of financial statements at the beginning of the year.

Applicable

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

☒ Yes ☐ No

Consolidated balance sheet

Unit: RMB

Item	Dec. 31 st , 2019	Jan. 1 st , 2020	Adjustment
Current Assets:			
Cash and cash equivalents	2,724,335,001.58	2,724,335,001.58	
Settlement reserve			
Due from banks and other financial institutions			
financial assets held for trading	1,754,396,227.54	1,754,396,227.54	
Derivative financial assets			
Notes Receivable			
Accounts Receivable	2,721,638.09	2,721,638.09	
Financing receivables			
Prepayments	2,461,009.00	2,461,009.00	
Premium receivables			
Reinsurance accounts receivable			
Reinsurance contract reserve receivables			
Other receivables	255,013,296.96	255,013,296.96	
Inc: Interest receivables	567,341.68	567,341.68	
Dividends receivables			
Financial assets purchased under resale agreements			
Inventories			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	97,336,600.16	97,336,600.16	
Total current assets	4,836,263,773.33	4,836,263,773.33	
Non-current assets:			

Loans and Advances			
Debt investments	1,923,598,909.09	1,923,598,909.09	
Other debt investments			
Long-term receivables			
Long-term equity investment			
Other equity instruments	162,800,000.00	162,800,000.00	
Other non-current financial assets	138,166,559.96	138,166,559.96	
Investment properties	688,475,053.53	688,475,053.53	
Fixed assets	672,429,601.44	672,429,601.44	
Construction in progress	653,580,160.32	653,580,160.32	
Bearer biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	197,507,227.40	197,507,227.40	
Development expenditure			
Goodwill	99,867,720.38	99,867,720.38	
Long-term deferred expense	240,565,962.02	240,565,962.02	
Deferred tax assets	21,482,832.13	21,482,832.13	
Other non-current assets	325,967,628.34	325,967,628.34	
Total Non-current Assets	5,124,441,654.61	5,124,441,654.61	
Total Assets	9,960,705,427.94	9,960,705,427.94	
Current liabilities:			
Short-term borrowings	2,867,000,000.00	2,867,000,000.00	
Borrowing from the Central Bank			
Borrowings from Banks and Other Financial Institutions			
Transactional Financial liabilities			

Derivative financial liabilities			
Notes payable			
Accounts payable	236,481,990.86	236,481,990.86	
Receipts in advance	2,634,276,203.88		-2,634,276,203.88
Contract liabilities		2,557,549,712.50	2,557,549,712.50
Financial assets sold for repurchase			
Receipt of deposits and deposits from other banks			
Receivings from Vicariously Traded Securities			
Receivings from Vicariously Sold Securities			
Employee benefits payable	411,475,636.03	411,475,636.03	
Taxes payable	184,306,027.84	184,306,027.84	
Other payable	88,693,411.98	88,693,411.98	
Inc: Interest payables	4,521,557.54	4,521,557.54	
Dividends payable			
Fees and commission payable			
Accounts payable reinsurance			
Held-for-sale liabilities			
Non-current Liabilities due within One Year			
Other current liabilities		76,726,491.38	76,726,491.38
Total Current Liabilities	6,422,233,270.59	6,422,233,270.59	
Non-current Liabilities:			
Deposits for insurance contracts			

Long-term loans			
Bonds payable			
Inc: preferred shares			
Perpetual bond			
Lease liabilities			
Long-term payable			
Long-term payroll payable			
Provisions			
Deferred Income			
Deferred tax liabilities	106,932,273.03	106,932,273.03	
Other non-current liabilities			
Total non-current liabilities	106,932,273.03	106,932,273.03	
Total liabilities	6,529,165,543.62	6,529,165,543.62	
Owners' equity:			
Deferred Income	103,807,623.00	103,807,623.00	
Other equity instrument			
Inc: preferred shares			
Perpetual bond			
Capital surplus	1,198,581,049.50	1,198,581,049.50	
Less: Treasury stock			
Other comprehensive income	37,500,000.00	37,500,000.00	
Special reserve			
Surplus reserve	45,000,000.00	45,000,000.00	
General risk reserve			
Retained earnings	2,046,657,231.32	2,046,657,231.32	
Total owners' equity attributable to the parent company	3,431,545,903.82	3,431,545,903.82	
Minority interests	-6,019.50	-6,019.50	

Total Owners' Equity	3,431,539,884.32	3,431,539,884.32	
Total Liabilities and Owners' Equity	9,960,705,427.94	9,960,705,427.94	

Balance sheet of parent company

Unit: RMB

Item	Dec. 31 st , 2019	Jan. 1 st , 2020	Adjustment
Current Assets:			
Cash and cash equivalents	6,931,803.33	6,931,803.33	
Financial assets held for trading	101,681.64	101,681.64	
Derivative financial assets			
Note receivables			
Accounts Receivable			
Financing receivables			
Prepayments			
Other receivables	1,717,949,520.99	1,717,949,520.99	
Inc: Interest receivables			
Dividends receivables	1,700,000,000.00	1,700,000,000.00	
Inventories			
Contract assets			
Assets held for sale			
Non current assets due within one year			
Other current assets			
Total current assets	1,724,983,005.96	1,724,983,005.96	
Non-current assets:			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity	18,582,307,907.14	18,582,307,907.14	

investment			
Other equity instruments	162,800,000.00	162,800,000.00	
Other non-current financial assets			
Investment properties	395,978,156.15	395,978,156.15	
Fixed assets			
Construction in progress	72,569,103.57	72,569,103.57	
Bearer biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets			
Development expenditure			
Goodwill			
Long-term deferred expense			
Deferred tax assets	10,804,928.62	10,804,928.62	
Other non-current assets			
Total non-current assets	19,224,460,095.48	19,224,460,095.48	
Total assets	20,949,443,101.44	20,949,443,101.44	
Current liabilities:			
Short-term loans			
Financial liabilities held for trading			
Derivative financial liabilities			
Note payable			
Accounts payable	561,752.26	561,752.26	
Receipts in advance			
Contract liabilities			
Employee benefits payable			
Taxes payable	791,191.77	791,191.77	

Other payable	40,275,566.88	40,275,566.88	
Inc: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities			
Total Current Liabilities	41,628,510.91	41,628,510.91	
Non-current Liabilities:			
Long-term loans			
Bonds payable			
Inc: preferred shares			
Perpetual bond			
Lease liabilities			
Long-term payable			
Long-term payroll payable			
Provisions			
Deferred Income			
Deferred tax liabilities	12,500,420.41	12,500,420.41	
Other non-current liabilities			
Total non-current Liabilities	12,500,420.41	12,500,420.41	
Total liabilities	54,128,931.32	54,128,931.32	
Owners' equity:			
Paid-in capital (share capital)	6,167,399,389.00	6,167,399,389.00	
Other equity instrument			
Inc: preferred shares			
Perpetual bond			
Capital reserve	12,775,326,370.33	12,775,326,370.33	

Less: Treasury stock			
Other comprehensive income	37,500,000.00	37,500,000.00	
Special reserve			
Surplus reserve	387,458,806.65	387,458,806.65	
Retained earnings	1,527,629,604.14	1,527,629,604.14	
Total owners' Equity	20,895,314,170.12	20,895,314,170.12	
Total liabilities and owners' equity	20,949,443,101.44	20,949,443,101.44	

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

☐ Applicable ☒ Not Applicable

45. Others

None

Section VI. Taxes

1. Major categories of taxes and tax rates

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

Disclosure statement on taxpayers with different corporate income tax rates

Names of taxpayers	Income tax rates
1.The Company	25%
2.Offcn Ltd.	15%
3.Wuhu Yawei Automobile Sales Service Co., Ltd	20%
4. Ningguo Yaxia Motor Vehicle Driver Training School(Co., Ltd)	20%

5.Huangshan Yaxia Fudi Automobile Sales Services Co., Ltd.	20%
6.Chaohu Yaxia Kaixuan Automobile Sales Service Co., Ltd	20%
7.Bozhou Yaxia Motor Vehicle Driver Training School(Co., Ltd)	20%
8.Suzhou Bokai Automobile Sales Service Co., Ltd	20%
9.Zhejiang Offcn Co. Ltd	25%
10.Taizhou Offcn Enterprise Management Consulting Co., Ltd	20%
11.Beijing Offcn Xinzhayu Online Technology Co., Ltd.	20%
12.Hulunbeier Hailar Offcn Co., Ltd	20%
13.Xilinhote Offcn Co., Ltd	25%
14.Yueqing Lecheng Offcn Co., Ltd	20%
15.Jiaozuo Offcn Co., Ltd	20%
16.Xinzheng Offcn Co., Ltd	20%
17.Chongqing Jiangbei Offcn Co., Ltd	20%
18.Nanjing Offcn Co., Ltd	25%
19.Beijing Xinde Zhiyuan Enterprise Management 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 Academic & 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 Qingyan 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%
36.Shaanxi Offcn Co., Ltd.	25%
37.Beijing Offcn Co., Ltd.	25%

2. Preferential taxation

1. Value-added tax

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

(2) According to the *Notice of the Ministry of Finance and the State Administration of Taxation on the Relevant Policies on Deduction of Value Added Tax for Special Equipment and Technical Maintenance Costs of Value Added Tax Control System* (CS [2012] No. 15), if the VAT taxpayers first purchase special equipment for the VAT tax control system (including separate ticket machines) after December 1st, 2011 (including, the same below), the VAT invoice obtained from the purchase of special equipment for the VAT tax control system can be fully deducted from the VAT payable (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 1st, 2011 (excluding the technical maintenance fee paid before November 30th, 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 branches and subsidiaries should deduct the VAT payable amount in full according to the regulations.

(3) According to the *Tax Policy Announcement on Prevention and Control of COVID-19* (Joint Announcement from Ministry of Finance and State Taxation Administration 2020 No. 8), the income from the provision of public transport services, living services, and delivery services of essential living materials for residents are exempt from VAT. The specific scope of public transport services shall be implemented in accordance with *Provisions on the Pilot Project of Replacing Business Tax with Value Added Tax* (CS [2016] No. 36). And the specific scope of life services and delivery services shall be implemented in accordance with the *Notes on Sales Services, Intangible Assets and Real Estate* (CS [2016] No. 36).

2. Education surtax, local education surtax

(1) According to the *Notice of the Ministry of Finance and the State Taxation Administration on Expanding the Exemption Scope of Government Funds* (CS [2016] No. 12), from February 1st, 2016, the exemption scope of the education surtax, local education surtax and water conservancy construction fund should be expanded from the current taxpayers whose monthly sales or turnover is not more than RMB 30,000 (quarterly sales or turnover is not more than RMB 90,000) to the taxpayers whose monthly sales or turnover is not more than RMB 100,000 (the quarterly sales or turnover is not more than RMB 300,000). Branches and subsidiaries of the company that meet the conditions are exempted from education surtax and local education surtax.

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

3. Corporate income tax

(1) On August 10th, 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. The re-certification after expiration is in progress. During the reporting period, corporate income tax was calculated and paid at the rate of 15% for the Company and its subsidiaries.

(2) According to the *Notice on Implementing the Inclusive Tax Reduction Policy for Small and Micro Enterprises* (CS [2019] No. 13), from January 1st, 2019 to December 31st, 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%.

3、Others

None

VII、Notes To Consolidated Financial Statements

1. Cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	17,333.64	40,288.16
Cash on bank	4,474,380,595.23	2,657,929,052.80
Other cash and cash equivalents	191,400,983.56	66,365,660.62
Total	4,665,798,912.43	2,724,335,001.58
Inc: Total amount of cash deposited abroad		
Total amount of funds restricted by mortgage, pledge or freezing		

Other description

Note: 1. Other cash and cash equivalents 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, freezing and other restrictions on the use of funds.

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

2. Transactional financial assets

Unit: RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value with changes included in current profit and loss	2,156,713,143.65	1,754,396,227.54
Inc:		
Debt instrument investment	2,156,713,143.65	1,754,396,227.54
Financial assets designated to be measured at fair value with changes included in current profits and losses		
Inc:		
Total	2,156,713,143.65	1,754,396,227.54

3. Derivative financial assets

Unit: RMB

Item	Closing balance	Opening balance
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4. Notes receivable

(1) Classification of notes receivable

Unit: RMB

Item	Closing balance	Opening balance
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Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balancet		Bad debt r provision		Book value
	Amount	Proporti on	Amount	Proporti on of provisio n		Amount	Proporti on	Amount	Proporti n of provision	

Provision for bad debts by per item:

Unit: RMB

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

Provision for bad debts by portfolio:

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt reserves	Accrual ratio

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

☐ Applicable ☒ Not Applicable

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

Provision for bad debts in current period

Unit: RMB

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

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

☐ Applicable ☒ Not Applicable

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

Unit: RMB

Item	Pledged amount at the end of the period

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

Unit: RMB

Item	Amount of confirmation at the end of the period	Amount not confirmation at the end of the period

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

Unit: RMB

Item	Amount transferred to accounts receivable at the end of the period
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(6) Notes receivable actually written off in current period

Unit: RMB

Item	Amount of writing off
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Writing off important notes receivable:

Unit: RMB

Name of the Company	Nature of notes receivable	Amount of writing off	Reasons for writing off	Procedure of writing off	Whether the funds are generated by related party transactions
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5. Accounts receivable**(1) Classified disclosure of accounts receivable**

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Accounts receivable with individual provision for bad debts										
Inc:										
Accounts receivable with provision for bad	15,105,215.41	100.00%	755,260.77	5.00%	14,349,954.64	2,864,882.20	100.00%	143,244.11	5.00%	2,721,638.09

debts in combination										
Inc:										
Combination 1	1,250,000.00	8.28%	62,500.00	5.00%	1,187,500.00					
Combination 2	3,875,247.76	25.65%	193,762.39	5.00%	3,681,485.37	2,864,882.20	100.00%	143,244.11	5.00%	2,721,638.09
Combination 3	9,979,967.65	66.07%	498,998.38	5.00%	9,480,969.27					
Total	15,105,215.41	100.00%	755,260.77		14,349,954.64	2,864,882.20		143,244.11		2,721,638.09

Provision for bad debts according to individual items:

Unit: RMB

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

Provision for bad debts according to combination: 755260.77

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion of provision
Combination 1	1,250,000.00	62,500.00	5.00%
Combination 2	3,875,247.76	193,762.39	5.00%
Combination 3	9,979,967.65	498,998.38	5.00%
Total	15,105,215.41	755,260.77	--

Description of the basis for determining the combination:

Provision for bad debts according to combination:

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion of provision

Description of the basis for determining the combination:

If the provision for bad debts of accounts receivable is calculated according to the general model of expected

credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of bad debt provision:

☐ Applicable ☒ Not Applicable

Disclosure by account age

Unit: RMB

Ages	Closing balance
Within 1 year (included)	13,436,364.14
1 to 2 years	1,668,851.27
2 to 3 years	
More than 3 years	
3 to 4 years	
4 to 5 years	
More than 5 years	
Total	15,105,215.41

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

Provision for bad debts in the current period:

Unit: RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Provision	withdrawal or reversal	Write off	Others	
Provision for bad debts of accounts receivable	143,244.11	612,016.66				755,260.77
Total	143,244.11	612,016.66				755,260.77

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

Unit: RMB

Name of the Company	Amount recovered or reversed	Recovery method
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None

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

Unit: RMB

Item	Write off amount
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Writing off important accounts receivable:

Unit: RMB

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

None

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

Unit: RMB

Name of company	Closing balance of accounts receivable	Proportion in the total closing balance of accounts receivable	Closing balance of bad debt reserves
Customer 1	2,214,317.00	14.80%	110,715.85
Customer 2	1,250,000.00	8.35%	62,500.00
Customer 3	387,600.00	2.59%	19,380.00
Customer 4	352,478.00	2.36%	17,623.90
Customer 5	312,800.00	2.09%	15,640.00
Total	4,517,195.00	30.19%	

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

None

(6)Amount of assets and liabilities formed by transferring accounts receivable and continuing involvement

None

6. Receivables financing

Unit: RMB

Item	Closing balance	Opening balance
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Changes in receivable financing and fair values in current period

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

2、Prepayments

(1) Advances to suppliers

(1) Disclosure by account age

Unit: RMB

Account age	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	5,069,205.17	100.00%	2,461,009.00	100.00%
1 to 2 years				
2 to 3 years				
More than 3 years				
Total	5,069,205.17	--	2,461,009.00	--

Reasons for not timely settling the important prepayments with an account age of more than one year. :

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

Name of company	Nature of Payment	Closing balance	Account age	Proportion in total amount of prepayment(%)	Provision for bad debts
Nanjing Tuniu International Travel Agency Co., Ltd	Air ticket payment	5,069,205.17	Within 1 year	100	
<u>Total</u>		<u>5,069,205.17</u>		<u>100</u>	

7. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Interest receivable	568,426.66	567,341.68
Dividends receivable		
Other receivables	532,977,723.01	254,445,955.28

Total	533,546,149.67	255,013,296.96
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(1) Interest receivable**1) Classification of interest receivable**

Unit: RMB

Item	Closing balance	Opening balance
Fixed deposit	568,426.66	567,341.68
Entrusted loan		
Bond investment		
Total	568,426.66	567,341.68

2) Important overdue interest

Unit: RMB

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

3) Provision for bad debts☐ Applicable ☒ Not applicable**(2) Dividends receivable****1) Classification of dividends receivable**

Unit: RMB

Item (or Investee)	Closing balance	Opening balance
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2) Important dividends receivable with an account age of over 1 year

Unit: RMB

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

3) Provision for bad debts☐ Applicable ☒ Not applicable

(3) Other receivables**1) Classification of other receivables by nature**

Unit: RMB

Nature of payment	Closing Book balance	Opening Book balance
Deposits and guarantees	530,565,592.57	252,096,657.97
Reserve fund	430,185.61	214,164.38
deferred expense and others	1,981,944.83	2,135,132.93
Total	532,977,723.01	254,445,955.28

2) Provision for bad debts

Unit: RMB

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (no credit impairment has occurred)	Expected credit loss in the whole duration (credit impairment has occurred)	
Balance at Jan. 1 st , 2020		194,490.90	510,300.00	704,790.90
Balance at Jan. 1 st , 2020 in current period	—	—	—	—
--Move on to stage 2				
--Move on to stage 3				
--Go back to stage 2				
--Go back to stage 1				
Provision in the current period		158,745.13		158,745.13
Reversal in the current period				
Resale in the current period				
Write-off in the current period				
Other changes				
Balance at June 30 th ,		353,236.03	510,300.00	863,536.03

2020				
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Changes in Book balance of loss reserves with significant changes in current period

☐ Applicable ☒ Not applicable

Disclosure by account age

Unit: RMB

Account age	Closing balance
Within 1 year (included)	495,336,363.28
1 to 2 years	18,352,615.10
2 to 3 years	2,673,850.61
More than 3 years	16,614,894.02
3 to 4 years	9,239,089.90
4 to 5 years	521,629.04
More than 5 years	6,854,175.08
Total	532,977,723.01

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

Provision for bad debts in current period:

Unit: RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Provision	Withdrawal or reversal	Write-off	Others	
Provision for bad debts of other receivables	704,790.90	158,745.13				863,536.03
Total	704,790.90	158,745.13				863,536.03

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

Unit: RMB

Name of company	Amount of withdrawal or reversal	Recovery method
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4) Other receivables actually written off in the current period

Unit: RMB

Item	Write-off amount
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Write-off of other important receivables:

Unit: RMB

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

None

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

Unit: RMB

Name of company	Nature of payment	Closing balance	Account age	Proportion in total other closing balance receivables (%)	Closing balance of bad debt provision
Liaoning Hanhui Industrial Co., Ltd	Deposits and guarantees	200,000,000.00	Within 1 year	37.46%	
Changsha Nanhu New City Construction and Development Co., Ltd	Deposits and guarantees	200,000,000.00	Within 1 year	37.46%	
Beijing Wushuang Technology Co., Ltd	Deposits and guarantees	15,900,000.00	1 to 2 years	2.98%	
Rizhao Economic and Technological Development Zone Finance Bureau	Deposits and guarantees	10,000,000.00	Within 1 year	1.87%	
Shenyang Lijing Mingzhu Hotel Management Co., Ltd	Deposits and guarantees	5,675,200.00	4 to 5 years	1.06%	
Total	--	431,575,200.00	--	80.84%	

6) Receivables involving government subsidies

Unit: RMB

Name of company	Name of government subsidy project	Closing balance	Account age at the end of the period	Estimated time, amount and basis of collection
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7) Other receivables terminated due to transfer of financial assets

None

8) Amount of assets and liabilities formed by transferring other receivables and continuing involvement

None

9. Inventories

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

(1) Inventory classification

Unit: RMB

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

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

Unit: RMB

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

(3) Description of capitalization amount of borrowing costs included in closing balance of inventory**(4) Description of amortization amount of contract performance cost in current period****10. Contract assets**

Unit: RMB

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

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

Unit: RMB

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

☐ Applicable ☒ Not applicable

Provision for impairment of contract assets in the current period

Unit: RMB

Item	Provision in the current period	Reversal in current period	Write-off in current period	Reasons
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11. Assets held for sale

Unit: RMB

Item	Book balance at the end of the period	Provision for impairment	Book value at the end of the period	Fair value	Estimated disposal costs	Estimated disposal time
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12. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance
Debt investment due within one year	1,838,527,164.24	
Other debt investment due within one year		
Total	1,838,527,164.24	

Important debt investment / Other debt investment

Unit: RMB

Credit item	Closing balance				Opening balance			
	Par value	Coupon rate	Real interest rate	Due date	Par value	Nominal rate	Real interest rate	Due date
Beijing Sidaokou Branch of Huaxia Bank Co., Ltd.	500,000,000.00	4.12%	4.12%	April 4 th , 2021				
Qianmen Branch of China Construction Bank Co., Ltd	500,000,000.00	3.85%	3.85%	April 13 th , 2021				
Beijing Shangdi sub-branch of China Minsheng Bank Co.,	500,000,000.00	4.30%	4.30%	June 6 th , 2021				

Ltd								
Meihekou Rural Credit Cooperative Union Sales Department	50,000,000.00	4.20%	4.20%	May 15 th , 2021				
Meihekou Rural Credit Cooperative Union Sales Department	150,000,000.00	4.20%	4.20%	Jan. 1 st , 2021				
Total	1,700,000,000.00	—	—	—		—	—	—

13. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Contract acquisition cost		
Return cost receivable		
Deferred expenses	218,760,179.46	97,166,903.13
Input tax to be deducted / certified	960,351.61	169,697.03
Prepayment of corporate income tax	22,414,605.05	
Total	242,135,136.12	97,336,600.16

14. Debt investment

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Fixed deposit	122,023,500.00		122,023,500.00	1,923,598,909.09		1,923,598,909.09
Total	122,023,500.00		122,023,500.00	1,923,598,909.09		1,923,598,909.09

Important debt investment

Unit: RMB

Credit item	Closing balance				Opening balance			
	Par value	Coupon	Real	Due date	Par value	Coupon	Real	Due date

		rate	interest rate			rate	interest rate	
Beijing Sidaokou Branch of Huaxia Bank Co., Ltd.					500,000,000.00	4.12%	4.12%	April 5 th , 2021
Qianmen Branch of China Construction Bank Co., Ltd					500,000,000.00	3.85%	3.85%	April 13 th , 2021
Beijing Shangdi Branch of China Minsheng Bank Co., Ltd					500,000,000.00	4.30%	4.30%	June 6 th , 2021
Meihekou Rural Credit Cooperative Union Sales Department					50,000,000.00	4.20%	4.20%	May 15 th , 2021
Meihekou Rural Credit Cooperative Union Sales Department					150,000,000.00	4.20%	4.20%	June 1 st , 2021
Meihekou Rural Credit Cooperative Union Sales Department	100,000,000.00	4.20%	4.20%	July 3 rd , 2021	100,000,000.00	4.20%	4.20%	July 3 rd , 2021
Beijing Fangzhuang Branch of China Merchants Bank Co., Ltd.	20,000,000.00	4.18%	4.18%	Dec. 18 th , 2021	20,000,000.00	4.18%	4.18%	Dec. 18 th , 2021
Total	120,000,000.00	—	—	—	1,820,000,000.00	—	—	—

Provision for impairment

Unit: RMB

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
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Changes in book balance of loss reserves with significant changes in current period

☐ Applicable ☒ Not applicable

15. Other debt investments

Unit: RMB

Item	Opening balance	Accrued interest	Changes in fair value in the current period	Closing balance	Cost	Changes in accumulated fair value	Accumulated loss reserves recognized in other comprehensive income	Remarks
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Other important debt investment

Unit: RMB

Other credit items	Closing balance	Opening balance
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Provision for impairment

Unit: RMB

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
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Changes in book balance of loss reserves with significant changes in current period

☐ Applicable ☒ Not applicable

16. long-term receivables

(1) long-term receivables

Unit: RMB

Item	Closing balance	Opening balance	Discount rate range
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Impairment of bad debt reserves

Unit: RMB

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
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Changes in book balance of loss reserves with significant changes in current period

☐ Applicable ☒ Not applicable

(2) Long term receivables terminated due to transfer of financial assets

(3) Amount of assets and liabilities formed by transferring long-term receivables and continuing involvement

17. Long term equity investment

Unit: RMB

Investee	Opening balance (book value)	Increase and decrease in the current period	Closing balance (book value)	Closing balance of provision for impairment
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18. Investment in other equity instruments

Unit: RMB

Item	Closing balance	Opening balance
Shanghai Zuihuibao Network Technology Co., Ltd	136,000,000.00	136,000,000.00
Anhui Ningguo Rural Commercial Bank Co., Ltd	26,800,000.00	26,800,000.00
Total	162,800,000.00	162,800,000.00

Disclosure of non tradable equity instrument investment in the current period

Unit: RMB

Item	Recognized dividend income	Accumulated profit	Accumulated losses	Amount of other comprehensive income transferred to retained earnings	Reasons for fair value measurement and its change included in other comprehensive income	Reasons for transferring other comprehensive income into 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	
Total		50,000,000.00				

19. Other non-current financial assets

Unit: RMB

Item	Closing balance	Opening balance
Beijing Jinwu Venture Capital Center (limited partnership)	38,050,000.00	38,050,000.00

Financial products	100,116,559.96	100,116,559.96
Total	138,166,559.96	138,166,559.96

20. Investment properties

(1) Investment properties adopting cost measurement mode

√ Applicable □ Not applicable

Unit: RMB

Item	Houses and buildings	Land-use rights	Construction in progress	Total
I. Original book value				
1. Opening balance	377,111,222.22	473,825,849.87		850,937,072.09
2. Increase in current period	525,587.10			525,587.10
(1) Outsourcing	525,587.10			525,587.10
(2) Inventory/ Fixed assets/ Transfer in from construction in progress				
(3) Increase in business combination				
3. Decrease in current period				
(1) Disposal				
(2) Other transfers				
4. Closing balance	377,636,809.32	473,825,849.87		851,462,659.19
II. Accumulated depreciation and amortization				
1. Opening balance	41,891,136.83	60,373,277.81		102,264,414.64
2. Increase in current period	7,027,592.40	3,470,234.43		10,497,826.83

(1) Provision or amortization	7,027,592.40	3,470,234.43		10,497,826.83
3. Decrease in current period				
(1) Disposal				
(2) Other transfers				
4. Closing balance	48,918,729.23	63,843,512.24		112,762,241.47
III. Provision for impairment				
1. Opening balance	6,556,268.55	53,641,335.37		60,197,603.92
2. increase in current period				
(1) Provision				
3. Decrease in current period				
(1) Disposal				
(2) Other transfers				
4. Closing balance	6,556,268.55	53,641,335.37		60,197,603.92
IV. Book value				
1. Book value at the end of the period	322,161,811.54	356,341,002.26		678,502,813.80
2. Book value at the beginning of the period	328,663,816.84	359,811,236.69		688,475,053.53

(2) Investment properties adopting fair value measurement mode

□ Applicable √ Not applicable

(3) Investment properties without property right certificate

Unit: RMB

Item	Book value	Reasons for not completing the certificate of title
Houses and buildings	240,448,764.80	In process
Land-use right	5,382,308.97	In process

Other information

1. Investment properties includes the land-use right that has been leased, the land use-right held and prepared to transfer after appreciation, and the leased buildings.

2. Investment properties is initially measured at cost, followed by cost model, and depreciated or amortized in the same way as fixed assets and intangible assets. On the balance sheet date, if there is any indication that the Investment properties is impaired, the corresponding impairment provision shall be made according to the difference between the book value and the recoverable amount.

21. Fixed Assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	870,207,450.02	672,429,601.44
Disposal of fixed assets		
Total	870,207,450.02	672,429,601.44

(1) Fixed assets

Unit: RMB

Item	Buildings	Decoration of fixed assets	Transportation facility	Electronic equipment	Office equipment	Total
I. Original book value						
1. Opening balance	613,771,922.00	39,832,104.02	74,816,972.09	184,870,489.12	12,025,551.21	925,317,038.44
2. Increase in the current period	183,015,413.44	24,876,320.00	760,833.62	19,090,135.48	16,116.00	227,758,818.54
(1) Purchase	9,500.00		760,833.62	10,061,768.88	16,116.00	10,848,218.50
(2) Transfer from construction in progress	183,005,913.44	24,876,320.00		9,028,366.60		216,910,600.04
(3) Increase in business combination						

3. Decrease in the current period			583,400.00			583,400.00
(1) Disposal or obsolescence			583,400.00			583,400.00
4. Closing balance	796,787,335.44	64,708,424.02	74,994,405.71	203,960,624.60	12,041,667.21	1,152,492,456.98
II. Accumulated depreciation						
1. Opening balance	70,706,861.28	13,940,973.90	62,359,914.70	95,736,942.74	10,063,760.04	252,808,452.66
2. Increase in the current period	10,191,475.22	3,942,651.62	2,640,564.87	12,932,209.64	244,898.61	29,951,799.96
(1) Accrual	10,191,475.22	3,942,651.62	2,640,564.87	12,932,209.64	244,898.61	29,951,799.96
(2) Others						0.00
3. Decrease in the current period			554,230.00			554,230.00
(1) Disposal or obsolescence			554,230.00			554,230.00
4. Closing balance	80,898,336.50	17,883,625.52	64,446,249.57	108,669,152.38	10,308,658.65	282,206,022.62
III. Impairment provision						
1. Opening balance				4,309.80	74,674.54	78,984.34
2. Increase in the current period						
(1) Accrual						
3. Decrease in the current period						
(1) Disposal or obsolescence						
4. Closing balance				4,309.80	74,674.54	78,984.34
IV. Book value						
1. Closing book value	715,888,998.94	46,824,798.50	10,548,156.14	95,287,162.42	1,658,334.02	870,207,450.02

2. Opening book value	543,065,060.72	25,891,130.12	12,457,057.39	89,129,236.58	1,887,116.63	672,429,601.44
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(2) Temporarily idle fixed assets

Unit: RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Note
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(3) Fixed assets rented through financing lease

Unit: RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value
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(4) Fixed assets leased out through operating lease

Unit: RMB

Item	Closing book value
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(5) Fixed assets without property rights certificate

Unit: RMB

Item	Book value	Reasons for failing to complete the property rights certificate
Buildings	19,570,000.00	In progress

(6) Liquidation of fixed assets

Unit: RMB

Item	Closing Balance	Opening Balance
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22. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	811,011,730.47	653,580,160.32
Engineering materials		
Total	811,011,730.47	653,580,160.32

(1) Construction in progress

Unit: RMB

Item	Closing Balance			Opening Balance		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value

		provision			provision	
Liaoning Zhongcheng Land	313,408,135.12		313,408,135.12	275,905,485.09		275,905,485.09
Offcn Shandong Building	0.00		0.00	182,917,951.44		182,917,951.44
Offcn Fushun Building	123,665,491.93		123,665,491.93	113,020,225.37		113,020,225.37
Yaxia Bozhou Fortune Plaza	62,847,721.95		62,847,721.95	62,847,721.95		62,847,721.95
GAC-Toyota Bozhou 4S Stores	9,721,381.62		9,721,381.62	9,721,381.62		9,721,381.62
Double-teacher type training system	0.00		0.00	7,798,395.00		7,798,395.00
Yaxia Huangshan Fudi Stores	1,368,999.85		1,368,999.85	1,368,999.85		1,368,999.85
Shaanxi Guancheng Building	300,000,000.00		300,000,000.00	0.00		0.00
Total	811,011,730.47		811,011,730.47	653,580,160.32		653,580,160.32

(2) Changes of significant projects in construction in the current period

Unit: RMB

Item	Budget	Opening balance	Increase in the period	Transferred fixed assets in the period	Other decrease in the period	Closing balance	Proportion of accumulative project investment in budget (%)	Project progress (%)	Accumulative amount of interest capitalization	Including: capitalization amount of current interest	Current interest capitalization rate (%)	Capital sources
Liaoning Zhongcheng Land	450,000,000.00	275,905,485.09	37,502,650.03			313,408,135.12	69.65%	69.65%				Others
Offcn Shandong	210,000,000.00	182,917,951.44	24,964,282.00	207,882,233.44			98.99%	100.00%				Others

Building												
Offcn Fushun Building	330,000,000.00	113,020,225.37	10,645,266.56			123,665,491.93	37.47%	37.47%				Others
Shaanxi Guanche ng Building	400,000,000.00		300,000,000.00			300,000,000.00	75.00%	75%				Others
Total	1,390,000,000.00	571,843,661.90	373,112,198.59	207,882,233.44		737,073,627.05	--	--				--

(3) Accrual of impairment provision for construction in progress in the period

Unit: RMB

Item	Accrual amount	Reason
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(4) Engineering materials

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

23. Productive biological assets

(1) Productive biological assets measured at cost

☐ Applicable ☒ Not applicable

(2) Productive biological assets measured by fair value

☐ Applicable ☒ Not applicable

24. Oil and gas assets

☐ Applicable ☒ Not applicable

25. Right-of-use assets

Unit: RMB

Item		Total
I. Original book value		

26. Intangible assets

(1) Intangible assets

Unit: RMB

Item	Land use right	Patent right	Non-patent technology	Software use right	Trademark right	Total
I. Original book value						
1. Opening balance	205,199,737.07			7,760,286.02	7,140,521.53	220,100,544.62
2. Increase in the period				4,000.00		4,000.00
(1)Purchase				4,000.00		4,000.00
(2) Internal R&D						
(3) Increase in business combination						
3. Decrease in the period						
(1)Disposal						
4. Closing balance	205,199,737.07			7,764,286.02	7,140,521.53	220,104,544.62
II. Accumulated amortization						
1. Opening balance	17,787,580.14			3,076,750.06	1,725,876.02	22,590,206.22
2. Increase in the period	2,645,818.70			711,862.61	20,229.64	3,377,910.95
(1) Accrual	2,645,818.70			711,862.61	20,229.64	3,377,910.95
3. Decrease in the period						
(1)Disposal						
4. Closing balance	20,433,398.84			3,788,612.67	1,746,105.66	25,968,117.17
III. Impairment provision						
1. Opening balance				3,111.00		3,111.00
2. Increase in the period						
(1) Accrual						
3. Decrease in the period						
(1)Disposal						
4. Closing balance				3,111.00		3,111.00
IV. Book value						

1. Closing book value	184,766,338.23			3,972,562.35	5,394,415.87	194,133,316.45
2. Opening book value	187,412,156.93			4,680,424.96	5,414,645.51	197,507,227.40

No intangible assets formed through internal research and development at period-end.

(2) Land use rights without property rights certificate

Unit: RMB

Item	Book value	Reasons for failing to complete the property rights certificate
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27. Development expenditure

Unit: RMB

Item	Opening balance	Increase in the period			Decrease in the period			Closing balance
		Internal development expenditure	Others		Recognized as intangible assets	Transferred to current profit and loss		

28. Goodwill

(1) Original book value of goodwill

Unit: RMB

Name of the investee and item forming goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Formed by business combination		Disposal		
Shandong Kunzhong Real Estate Co., Ltd.	39,378,573.51					39,378,573.51
Nanjing Huiyue Hotel Management Co., Ltd.	60,489,146.87					60,489,146.87
Total	99,867,720.38					99,867,720.38

(2) Goodwill impairment provision

Unit: RMB

Name of the investee and item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Accrual		Disposal		

forming goodwill						
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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.

Goodwill impairment testing process, key parameters (such as growth rate of the present value of projected future cash flow in forecast period, growth rate in stable period, rate of profit, discount rate and the forecast period) and confirmation method of goodwill impairment loss:

Impairment test method and provision method for impairment of goodwill. are detailed in Note V (31) "Impairment of long-term assets".

The recoverable amount of the company's asset group including goodwill is estimated based on the net amount of the fair value of the asset group in which the goodwill is located minus 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.

29. Long-term deferred expense

Unit: RMB

Item	Opening balance	Increase in the period	Amortization in the period	Other decrease	Closing balance
Decoration expenditure	186,953,773.64	43,441,083.12	31,958,369.36		198,436,487.40
Marketing fee	4,877,521.71	230,400.00	228,282.94		4,879,638.77
Rent and property fees	47,239,952.20	564,942.00	19,661,006.38		28,143,887.82
Other	1,494,714.47	41,400.00	194,551.55	146,774.80	1,194,788.12
Total	240,565,962.02	44,277,825.12	52,042,210.23	146,774.80	232,654,802.11

30. Deferred tax assets and deferred tax liabilities

(1) Deferred income tax assets without offsetting

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	1,678,746.50	358,161.32	930,130.35	177,903.51
Unrealized profit in internal transaction				
Deductible losses	43,219,714.47	10,804,928.62	43,219,714.47	10,804,928.62
Accrued and unpaid employee compensation			70,000,000.00	10,500,000.00
Total	44,898,460.97	11,163,089.94	114,149,844.82	21,482,832.13

(2) Deferred income tax liabilities without offsetting

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Appraisal and Appreciation of Consolidated Assets of Non-identical Controlled Enterprises	370,244,163.40	92,561,040.85	375,304,896.84	93,826,224.21
Changes in fair value of other debt investments				
Changes in fair value of other equity instrument investments	50,000,000.00	12,500,000.00	50,000,000.00	12,500,000.00
Changes in fair value of financial assets held for trading	1,712,787.50	261,265.80	1,712,787.50	261,265.80
Fixed asset accounting depreciation is less than tax law	2,276,794.67	341,519.20	2,298,553.47	344,783.02

Total	424,233,745.57	105,663,825.85	429,316,237.81	106,932,273.03
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(3) Deferred income tax assets or liabilities presented in net amount after offsetting

Unit: RMB

Item	Mutual offset amount at the end of the reporting period	Closing balance of deferred tax assets or liabilities after offset	Mutual offset amount at the end of the reporting period	Opening balance of deferred tax assets or liabilities after offset
Deferred tax assets		11,163,089.94		21,482,832.13
Deferred tax liabilities		105,663,825.85		106,932,273.03

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary difference		
Deductible losses	266,086,583.15	32,969,109.71
Total	266,086,583.15	32,969,109.71

(5) Deductible losses of unrecognized deferred income tax assets will expire in the following years

Unit: RMB

Year	Closing balance	Opening balance	Note
2020			
2021	11,383,708.37	11,383,708.37	
2022	119,383.82	119,383.82	
2023	11,480,964.23	11,480,964.23	
2024	9,985,053.29	9,985,053.29	
2025	233,117,473.44		
Total	266,086,583.15	32,969,109.71	--

31. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Contract acquisition costs						
Contract performance costs						
Receivable return cost						

Contract assets						
Prepayment for land	248,853,257.21		248,853,257.21	218,449,062.00		218,449,062.00
Prepayment for decoration	221,573,491.15		221,573,491.15	93,560,250.00		93,560,250.00
Input tax to be deducted / to be certified	15,778,818.02		15,778,818.02	13,658,316.34		13,658,316.34
Investment funds	1,100,000.00		1,100,000.00	300,000.00		300,000.00
Total	487,305,566.38		487,305,566.38	325,967,628.34		325,967,628.34

32. Short-term borrowings

(1) Classification

Unit: RMB

Item	Closing balance	Opening balance
Pledge borrowings	1,297,000,000.00	1,397,000,000.00
Mortgage loans		
Guarantee borrowings		360,000,000.00
Credit borrowings	2,160,000,000.00	1,110,000,000.00
Total	3,457,000,000.00	2,867,000,000.00

A description of the classification of short-term borrowings:

(2) Overdue short-term loans

The total amount of overdue short-term loans at the end of the period is RMB 0.00 , and the important overdue short-term loans are as follows.

Borrower	Closing balance	borrowing rates	Overdue time	Overdue interest rates
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33. Tradable financial liability

Unit: RMB

Item	Closing balance	Opening balance
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34. Derivative financial liability

Unit: RMB

Item	Closing balance	Opening balance
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35. Notes payable

Unit: RMB

Category	Closing balance	Opening balance
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36. Accounts payable

(1) List of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Direct cost for class operating	3,051,459.23	188,285,128.46
Project payments	7,350,754.19	13,062,592.12
Marketing fees	2,694,697.25	26,766,715.00
Decoration costs	11,221,697.78	7,863,306.78
Rent and property fees	915,259.40	452,248.50
Fixed assets payment	52,000.00	52,000.00
Total	25,285,867.85	236,481,990.86

(2) Major accounts payable aged over one year

Unit: RMB

Item	Closing balance	Causes for outstanding or carry-over
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37. Receipts in advance

(1) List of receipts in advance

Unit: RMB

Item	Closing balance	Opening balance
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(2) Major receipts in advance aged over one year

Unit: RMB

Item	Closing balance	Causes for outstanding or carry-over
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38. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Advanced receipts from training	7,222,063,935.39	2,556,903,384.51
Others	85,000.00	646,327.99
Total	7,222,148,935.39	2,557,549,712.50

Amount and reasons for major changes in book value in the period

Unit: RMB

Item	Changes in amount	Reasons for changes
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39. Employee compensation payable**(1) List of employee compensation payable**

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
I. Short-term compensation	404,338,198.91	2,258,690,849.50	2,247,247,771.07	415,781,277.34
II. Post-employment welfare-defined contribution plan	7,137,437.12	50,510,393.07	50,823,363.04	6,824,467.15
III. Dismissal welfare				
IV. Other welfare due within one year				
Total	411,475,636.03	2,309,201,242.57	2,298,071,134.11	422,605,744.49

(2) List of short-term compensation

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
1. Wages or salaries, bonuses, allowances and subsidies	393,403,204.25	2,111,212,339.92	2,098,918,928.35	405,696,615.82
2. Staff welfare		4,121,013.63	4,121,013.63	
3. Social security contributions	4,964,980.66	65,025,954.43	63,679,727.67	6,311,207.42
Inc: Medical insurance	4,433,301.20	61,763,213.55	60,109,746.07	6,086,768.68
Employment injury insurance	165,403.54	1,028,532.20	1,116,580.74	77,355.00
Maternity insurance	366,275.92	2,234,208.68	2,453,400.86	147,083.74
4. Housing fund	5,970,014.00	78,267,903.32	80,464,463.22	3,773,454.10
5. Labor union expenditure and employee education expenditure		63,638.20	63,638.20	
6. Short-term compensated absences				
7. Short-term profit sharing plan				
Total	404,338,198.91	2,258,690,849.50	2,247,247,771.07	415,781,277.34

(3) List of post-employment welfare-defined contribution plan

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
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1. Basic endowment insurance	6,806,195.23	49,287,227.90	49,502,307.42	6,591,115.71
2. Unemployment insurance	331,241.89	1,223,165.17	1,321,055.62	233,351.44
3. Enterprise annuity payment				
Total	7,137,437.12	50,510,393.07	50,823,363.04	6,824,467.15

40. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Value-added tax	5,706,855.30	48,652,668.81
Consumption tax		
Enterprise income tax	87,468.97	116,032,612.72
Individual income tax	142,759.48	5,527,794.99
City maintenance and construction tax	372,940.14	3,413,989.84
Deed tax	5,847,718.44	5,847,718.44
Property tax	1,501,207.30	1,288,867.69
Education surcharge	166,260.18	1,475,646.01
Land use tax	811,945.26	943,956.91
Others	155,255.48	1,122,772.43
Total	14,792,410.55	184,306,027.84

41. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Interest payable	13,367,960.06	4,521,557.54
Dividends payable		
Other payables	41,215,300.82	84,171,854.44
Total	54,583,260.88	88,693,411.98

(1) Interest payable

Unit: RMB

Item	Closing balance	Opening balance
Interest on long-term loans with interest paid in installments and principal		

repayable at maturity		
Interest on corporate bonds		
Interest payable on short term loans	13,367,960.06	4,521,557.54
Preferred stocks and perpetual bonds classified as financial liabilities		
Others		
Total	13,367,960.06	4,521,557.54

Major overdue interest payable:

Unit: RMB

Borrower	Amount outstanding	Reason
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(2) Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
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(3) Other accounts payable

1) List of other payables by nature

Unit: RMB

Item	Closing balance	Opening balance
Current expense	28,290,707.79	44,839,078.80
Equity transfer payable		34,663,519.48
Reimbursed expenses and others	3,373,940.51	3,370,870.09
Social security and housing fund	9,550,652.52	1,298,386.07
Total	41,215,300.82	84,171,854.44

2)Major other payables aged over one year

Unit: RMB

Item	Closing balance	Causes for outstanding or carry-over
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42. Held-for-sale liabilities

Unit: RMB

Item	Closing balance	Opening balance
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43. Non-current Liabilities due within One Year

Unit: RMB

Item	Closing balance	Opening balance
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44. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Short-term bonds payable		
Refund payable		
Value-added tax on receipts in advance	216,664,468.06	76,726,491.38
Total	216,664,468.06	76,726,491.38

Changes in short-term bonds payable

Unit: RMB

Name	Face value	Date of Issue	Bond period	Amount	Opening balance	Issuance in the period	Accrual of interest at face value	Premium and discount amortization	Repay in the period		Closing balance
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45. Long-term borrowings**(1) Category of long-term borrowings**

Unit: RMB

Item	Closing balance	Opening balance
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46. Bonds payable**(1) Bonds payable**

Unit: RMB

Item	Closing balance	Opening balance
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(2) Changes in bonds payable (Excluding other financial instruments such as preferred stocks and perpetual bonds classified as financial liabilities)

Unit: RMB

Name	Face value	Date of Issue	Bond period	Amount	Opening balance	Issuance in the period	Accrual of interest at face value	Premium and discount amortization	Repay in the period		Closing balance
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(3) Description of conversion conditions and conversion time of convertible corporate bonds

(4) Description of other financial instruments classified as financial liabilities

Information of other financial instruments such as preferred stocks and perpetual bonds issued at the end of the period

None

Unit: RMB

Financial instruments issued	Opening		Increase in the period		Decrease in the period		Closing	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Explanation of the basis for classifying other financial instruments as financial liabilities

47. Lease liability

Unit: RMB

Item	Closing balance	Opening balance
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48. Long-term payable

(1) List of long-term payable by nature of payment

Unit: RMB

Item	Closing balance	Opening balance
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(2) Special payable

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance	Reason
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49. Long-term employee benefits payable

(1) Long-term employee compensation payable

Unit: RMB

Item	Closing balance	Opening balance
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(2) Changes in defined benefit plans

Present value of defined benefit plan obligations:

Unit: RMB

Item	Amount in the current period	Amount in the prior period
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Plan assets:

Unit: RMB

Item	Amount in the current period	Amount in the prior period
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Defined benefit plan net debt (Net assets)

Unit: RMB

Item	Amount in the current period	Amount in the prior period
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50. Estimated liabilities

Unit: RMB

Item	Closing balance	Opening balance	Reason
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51. Deferred income

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance	Reason
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Projects involving government subsidies

Unit: RMB

Item	Opening balance	Increased subsidies	Amount included in non-operating income	Amount included in other income	Amount of cost reduction	Other changes	Closing balance	Related to assets / income
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52. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
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53. Share capital

Unit: RMB

	Opening balance	Changes in the current period (+/-)					Closing balance
		New shares issued	Bonus shares	Shares transferred from capital reserve	Others	Subtotal	
Total number of shares	103,807,623.00						103,807,623.00

54. Other equity instruments

(1) Information of other financial instruments such as preferred stocks and perpetual bonds issued at the end of the period

None

(2) Changes for other financial instruments such as preferred stocks and perpetual bonds issued at the end of the period

Unit: RMB

Financial instruments issued	Opening		Increase in the period		Decrease in the period		Closing	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Changes of other equity instruments in the current period, explanations of the reasons for the changes, and the basis for related accounting treatments:

None

55. Capital reserve

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Equity premium	956,481,049.50			956,481,049.50
Other Capital reserve	242,100,000.00	26,900,000.00		269,000,000.00
Total	1,198,581,049.50	26,900,000.00		1,225,481,049.50

Other explanations, including changes in the period and reasons for the changes:

None

56. Treasury stock

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
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Other explanations, including changes in the period and reasons for the changes:

None

57. Other comprehensive income

Unit: RMB

Item	Opening balance							Closing balance
		Amount before current income tax	Less: Earned to other comprehensive income in	Less: Earned to other comprehensive	Less: income tax expenses	Attributable to the parent company,	Attributable to minority shareholders	

		for the current period	the previous period and transferred to profit and loss in the current period	nsive income in the previous period and transferred to retained earnings in the current period		after tax	rs after tax	
1. Other comprehensive income not reclassified into gains or losses	37,500,000. 00							37,500,0 00.00
Inc: changes arising from remeasured and redefined benefit plan								
Other comprehensive income not reclassified into gains or losses by the equity method								
Changes in the fair value of other equity instrument investments	37,500,000. 00							37,500,0 00.00
Changes in the fair value of the enterprise's own credit risk								
2. Other comprehensive income reclassified into gains or losses								
Inc: other comprehensive income reclassified into gains or losses by the equity method								
Changes in the fair value of other debt investments								
Amount of financial assets reclassified into other comprehensive income								
Credit impairment provision for								

other debt investment								
Cash flow hedging reserve								
Differences arising from conversion of financial statements denominated in foreign currencies								
Total other comprehensive income	37,500,000.00							37,500,000.00

Other descriptions: including the adjustment of the effective part of the cash flow hedge gains and losses converted into the initially confirmed amount of the hedged item:

None

58. Special reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
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Other explanations, including changes in the current period and the corresponding reasons:

None

59. Surplus reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	45,000,000.00			45,000,000.00
Discretionary surplus reserve				
Reserve funds				
Corporate development funds				
Others				
Total	45,000,000.00			45,000,000.00

Descriptions for surplus reserve, including the changes and the reasons in the current period:

None.

60. Retained earnings

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Retained earnings at the end of the previous period before adjustment	2,046,657,231.32	1,660,363,232.50
Adjusting retained earnings at the beginning of the period(Increase +, decrease-)	0.00	247,170.28
Retained earnings at the beginning of the year after adjustment	2,046,657,231.32	1,660,610,402.78
Add: net profit attributable to owners of the Parent Company for the current period	-233,026,645.16	1,804,548,688.01
Less: Withdrawal of statutory surplus reserve		
Withdrawal of discretionary surplus reserves		
Withdrawal of general risk provisions		
Dividend payable for ordinary shares	1,480,175,853.36	1,418,501,859.47
Ordinary shares dividends converted into equity		
Retained earnings at the end of the year	333,454,732.80	2,046,657,231.32

Details for the adjustment of the retained earnings at the beginning of the period:

(1) The retained earnings at the beginning of the period impacted by the retroactive adjustment of the ASBE (Accounting Standards for Business Enterprises) and its new regulations:RMB0.00 .

(2) The retained earnings at the beginning of the period impacted by the changes in accounting policies: RMB0.00 .

(3) The retained earnings at the beginning of the period impacted by the major accounting error correction: RMB0.00 .

(4) The retained earnings at the beginning of the period impacted by the change of combination scope under common control:RMB0.00 .

(5) The retained earnings at the beginning of the period impacted by other adjustments:RMB0.00 .

61. Revenue and cost of revenue

Unit: RMB

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost of revenue	Revenue	Cost of revenue
Main business	2,788,186,999.66	1,428,476,161.97	3,612,344,963.59	1,520,066,781.23
Other business	19,793,480.94	24,135,018.42	25,074,551.89	25,221,678.33

Total	2,807,980,480.60	1,452,611,180.39	3,637,419,515.48	1,545,288,459.56
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Information about income:

Unit: RMB

Types of Contracts	Section 1	Section 2		Total
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Information about the fulfillment of obligations:

None.

Information about transaction price amortized in the rest of the obligation to be fulfilled:

The income from the unfulfilled or uncompleted obligation with signed contracts at the end of the reporting period:
RMB 0.00 .

62. Taxes and surcharges

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Consumption tax		
City maintenance and construction tax	44,663.79	7,496,891.44
Education surcharge	36,306.17	5,329,806.04
Resource tax		
Property tax	3,902,053.06	2,572,709.99
Land use tax	1,693,313.52	1,836,056.86
Vehicle usage tax	99,003.90	86,176.00
Stamp tax	419,401.69	14,387,736.68
Others	82,890.91	123,870.20
Total	6,277,633.04	31,833,247.21

63. Selling expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Employee's benefits	514,355,130.96	472,555,044.16
Marketing fee	78,835,398.47	111,427,661.44
Rent property, depreciation and amortization expenses	62,420,815.84	55,231,065.92
Travel expenses	29,851,665.86	28,472,843.96
Others	15,354,442.79	7,626,483.81
Total	700,817,453.92	675,313,099.29

65. General and administrative expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Employee's benefits	348,545,272.28	341,186,214.75
Rent property, depreciation and amortization expenses	58,897,950.26	53,945,881.47
Office expenses	46,201,346.59	36,665,219.36
Share payments	26,900,000.00	26,900,000.00
Travel expenses	19,852,720.39	19,262,027.61
Welfare fee	2,910,382.85	2,270,527.72
Others	15,651,781.77	19,401,175.00
Total	518,959,454.14	499,631,045.91

65. Research and development expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Employee's benefits	364,891,204.61	291,213,235.99
Travel expenses	7,810,939.90	7,371,388.67
Others	10,525,386.50	5,445,532.85
Total	383,227,531.01	304,030,157.51

66. Financial expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Interest expenses	85,130,012.11	46,924,890.43
Less: Interest income	2,889,907.48	37,722,676.13
Service Charges	100,414,519.03	33,307,274.34
Total	182,654,623.66	42,509,488.64

67. Other income

Unit: RMB

Sources of other income	Amount for the current period	Amount for the prior period
Tax reduction and exemption	79,195,831.18	
Subsidies for job security	4,606,016.51	45,257.94

Rent subsidy	49,680.00	
Government rent subsidy	109,500.00	178,650.00
Tax handling fee refund	483,555.74	6,768.48
Small financial support income from the government	10,124.01	
Total	84,454,707.44	230,676.42

68. Investment income

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Long-term equity investment income by equity method		
Investment income from disposal of long-term equity investments		
Investment income of held-for-trading financial assets during the holding period		
Investment income from disposal of held-for-trading financial assets		
Dividend income from other equity instruments investment during the holding period		
Income from the remeasurement of remaining equity at fair value after the loss of control		
Interest income obtained from debt investment during the holding period	37,890,649.58	
Interest income obtained from other debt investment during the holding period		
Investment income from disposal of other debt investments		
Investment income from financial product	90,927,476.86	53,971,926.62
Total	128,818,126.44	53,971,926.62

69. Net exposure hedging income

Unit: RMB

Item	Amount for the current period	Amount for the prior period
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70. Gains from changes in fair values

Unit: RMB

Sources of gains from changes in fair values	Amount for the current period	Amount for the prior period
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71. Impairment losses of credit

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Loss on bad debts of other receivables		
Impairment loss of debt investment		
Impairment loss of other debt investment		
Loss on bad debts of long-term receivables		
Impairment loss of contract assets		
Loss on bad debts of receivables	-770,761.79	
Total	-770,761.79	

72. Impairment losses of assets

Unit: RMB

Item	Amount for the current period	Amount for the prior period
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73. Income from assets disposal

Unit: RMB

Sources of income from assets disposal	Amount for the current period	Amount for the prior period
Fixed assets	162,043.59	198,807.74
Total	162,043.59	198,807.74

74. Non-operating income

Unit: RMB

Item	Amount for the current period	Amount for the prior period	Amount included in current non-recurring gains and losses
Gains from debt restructuring			
Gains from non-monetary assets exchange			
Accepting donations			
Governmental subsidy	19,800.00		

Others	348.00	1,565,171.86	
Total	20,148.00	1,565,171.86	

Government subsidy reckoned into current gains and losses:

Unit: RMB

Item	Entity	Purpose	Type	Whether the subsidy impacts the gain/loss of the year	Whether it is special subsidy	Amount for the current period	Amount for the prior period	Related to assets/income
Special Subsidy for infrared thermometers for pandemic Prevention from Haidian Development and Reform Commission	Development and Reform Commission of Haidian District, Beijing	Subsidy			No	19,800.00		Related to income

75. Non-operating expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period	Amount included in the current non-recurring profit (gains)/losses
Loss on debt restructuring			
Loss on non-monetary assets exchange			
Outward donation	90,002.28	70,002.54	90,002.28
Forfeiture and overdue fine	3,500.00	12,000.00	3,500.00
Others		993.99	
Total	93,502.28	82,996.53	93,502.28

76. Income tax expenses

(1) Statement of income tax expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Current income tax expense	4,399.43	100,561,730.62
Deferred income tax expense	9,051,295.01	1,110,407.70
Total	9,055,694.44	101,672,138.32

(2) Adjustment process of accounting profit and income tax expense

Unit: RMB

Item	Amount for the current period
Total profit	-223,976,634.16
Income tax expenses calculated at statutory/applicable tax rate(s)	-33,596,495.12
Impact from different tax rates applicable to subsidiaries	-1,751,276.86
Impact from adjustment of previous periods income tax	
Impact from non-taxable income	
Impact from non-deductible cost, expense and loss	8,479,779.66
Impact from using deductible losses of previously unrecognized deferred income tax assets	
Impact from deductible temporary differences or deductible losses of deferred income tax assets unrecognized in the current period	35,923,686.76
Income tax expenses	9,055,694.44

77. Other comprehensive income

For details, please refer to Note VII(57) Other comprehensive income of this report.

78. Cash Flow Statement Items

(1) Other cash received related to operating activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Deposits and guarantees	5,802,263.50	676,098.21
Government subsidy and other non-operating income	5,403,032.41	211,845.73
interest income	2,889,907.48	
Reserve funds	43,861.00	
Total	14,139,064.39	887,943.94

Explanation for other cash received related to operating activities:

(2) Other Cash paid related to operating activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Daily expenses	468,436,624.08	381,436,926.74
Service charges	77,914,519.03	33,307,274.34
Deposits and guarantees	74,271,198.10	9,456,208.83
Non-operating expenses	93,502.28	82,136.54
Reserve funds	259,882.23	22,625.81
Total	620,975,725.72	424,305,172.26

Explanation for other cash paid related to operating activities:

(3) Other cash received related to investment activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
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Explanation for other cash received related to investment activities:

(4) Other cash paid related to investment activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
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Explanation for other cash paid related to investment activities:

(5) Other cash received related to fundraising

Unit: RMB

Item	Amount for the current period	Amount for the prior period
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Explanation for other cash received related to fundraising:

(6) Other cash paid related to fundraising

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Service charges	333,478.85	320,723.05
Total	333,478.85	320,723.05

Explanation for other cash paid related to fundraising:

79. Supplementary information on cash flow statement

(1) Supplementary information on the cash flow statement

Unit: RMB

Supplementary information	Amount for the current period	Amount for the prior period
1. Net profit adjusted to cash flow of operating activities:	--	--
Net profit	-233,032,328.60	493,025,465.15
Add: Provision for impairment of assets	770,761.79	
Depreciation of fixed assets and productive biological assets, and depletion of oil and gas assets	40,449,626.79	39,566,591.56
Depreciation of right-of-use assets		
Amortization of intangible assets	3,377,910.95	3,467,967.09
Amortization of long-term deferred expense	31,958,369.36	41,828,031.38
Losses (gains are indicated by "-") on disposal of fixed assets, intangible assets and other long-term assets	-162,043.59	-198,807.74
Losses (gains are indicated by "-") on write-off of fixed assets		
Losses (gains are indicated by "-") on changes in fair values		
Financial expenses (income is indicated by "-")	85,130,012.11	9,878,312.52
Losses (gains are indicated by "-") from investments	-128,818,126.44	-53,971,926.62
Decrease /(increase is indicated by "-") in deferred income tax assets	10,319,742.19	2,422,751.53
Increase (decrease is indicated by "-") in deferred income tax liabilities	-1,268,447.18	-1,312,343.83
Decrease (increase is indicated by "-") in inventories		20,062.46
Decrease (increase is indicated by "-") in operating receivables	-198,166,879.62	-30,250,871.91
Increase (decrease is indicated by "-") in operating payables	4,426,216,906.43	3,823,391,566.94
Others	26,900,000.00	26,900,000.00
Net cash flow from operating activities	4,063,675,504.19	4,354,766,798.53
2. Significant investment and financing activities involving cash flow:	--	--
Conversion of debt into capital		
Convertible bonds due within 1 year		
Fixed assets acquired under financing lease		
3. Net changes in cash and cash equivalents:	--	--

Closing balance of cash	4,665,798,912.43	1,403,999,087.40
Less: Opening balance of cash	2,724,335,001.58	648,711,545.32
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase of cash and cash equivalents	1,941,463,910.85	755,287,542.08

(2) Net cash paid for acquiring subsidiaries for the current period

Unit: RMB

	Amount
Cash or cash equivalents paid for business merger in the current period	

(3) Net cash acquired from disposal of subsidiaries in the current period

Unit: RMB

	Amount
Cash or cash equivalents acquired from disposal of subsidiaries in the current period	

(4) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	4,665,798,912.43	2,724,335,001.58
Including: Cash on hand	17,333.64	40,288.16
Cash at bank	4,474,380,595.23	2,657,929,052.80
Other monetary capital for payment at any time	191,400,983.56	66,365,660.62
Amount due from central bank available for payment		
Deposit of interbank funds		
Disbursement of interbank funds		
II. Cash equivalents		
Including: bond investment due within three months		
III. Closing balance of cash and cash equivalent	4,665,798,912.43	2,724,335,001.58

Including: Cash and cash equivalents with restricted use of parent company or subsidiaries within the group		
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80. Note on statement of changes in owners' equity

Explanation of the adjustment of name of “other items” and the amount to the closing balance at the end of the previous year:

Not applicable

81. Assets with restricted ownership or use rights

Unit: RMB

Item	Closing book value	Reason for restriction
Monetary funds		
Bill receivable		
Inventories		
Fixed assets		
Intangible assets		
Non-current assets maturing within one year	1,500,000,000.00	Pledge loan
Total	1,500,000,000.00	--

82. Monetary items denominated in foreign currency

(1) Monetary items denominated in foreign currency

Unit: RMB

Item	Closing balance of foreign currency	Exchange rate	Closing balance of RMB converted
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(2) Descriptions for out-bound operational entity, including the disclosure of important out-bound entity's principal place of business, recording currency and the basis of selection. Reasons should be revealed if the recording currency changes.

☐ Applicable ☒ Not applicable

83. Hedging

Disclosure of hedging items, related hedging tools and the qualitative and quantitative information on hedged risks according to hedge categories:

Not applicable

84. Government grants

(1) General information of Government grants

Unit: RMB

Types	Amount	Listed items	Amount included in current gains and losses
Subsidy for job security	4,606,016.51	Other income	4,606,016.51
Rent subsidy	49,680.00	Other income	49,680.00
Government rent subsidy	109,500.00	Other income	109,500.00
Tax handling fee refund	483,555.74	Other income	483,555.74
Small financial support income from the government	10,124.01	Other income	10,124.01
Infrared thermometers received during the pandemic	19,800.00	Non-performing income	1,045.00
Total	5,278,676.26		5,259,921.26

(2) Refund of government subsidies

☐ Applicable ☒ Not applicable

85. Others

None

Section VIII. Changes in the Consolidation Scope

1. Business combinations not under common control

(1) Business combinations not under common control for the current period

Unit: RMB

Name of the acquiree	Time of acquiring equity	Cost of acquiring equity	Proportion of equity acquisition	Ways of acquiring equity	Date of acquisition	Basis of determining the date of acquisition	Income of the acquiree from the purchase date to the end of the period	Net profit of the acquiree from the purchase date to the end of the period
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(2) Merger costs and goodwill

Unit: RMB

Merger costs

Explanation of the method of determining the fair value of the merger costs, and contingent consideration and its changes:

None

The main reasons for the formation of large goodwill:

None

(3) The identifiable assets and liabilities of the acquiree at the date of acquisition

Unit: RMB

	Fair value at the date of acquisition	Book value of the date of acquisition
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The method of determining the fair value of identifiable assets and liabilities:

None

The contingent liabilities of the acquiree assumed in the business combination:

None

(4) Gains or losses arising from re-measurement of equity held before the purchase date at fair value

Whether there is a transaction that realizes business combination step by step through multiple transactions and obtains control during the reporting period

☐ Yes ☒ No

(5) Relevant descriptions about the failure of determining the merger consideration or the fair value of the identifiable assets and liabilities of the acquiree on the date of acquisition or at the end of the merger period

None

(6) Other descriptions

None

2. Business combinations under common control

(1) Business combinations under common control for the current period

Unit: RMB

Name of the merged party	Equity ratio obtained in the business combination	Basis for business combination under common control	Date of business combination	Basis of determining the combination date	Income of the merged party from the beginning of combination period to the combination date	Net profit of the merged party from the beginning of the combination period to the combination date	Income of the merged party during the comparison period	Net profit of the merged party during the comparison period
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(2) Cost of business combination

Unit: RMB

Cost of business combination	
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Descriptions for the contingent consideration and its changes:

None

(3) Book value of assets and liabilities of the merged party on the combination date

Unit: RMB

	Combination date	End of the previous period
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Contingent liabilities of the merged party assumed in the business combination:

None

3. Reverse purchase

Basic information of the transaction, the basis for recognizing the transaction as reverse purchase, whether the assets and liabilities retained by the listed company constitute a business and its basis, the determination of the merger cost, the adjustment amount of equity and its calculation method when treated as equity transactions:

None

4. Disposal of subsidiaries

Whether there is a situation where a single disposal of the investment in the subsidiary results in the loss of control

☐ Yes ☒ No

Whether there is a situation where the investment in the subsidiary disposed step by step through multiple transactions results in the loss of control in the current period

☐ Yes ☒ No

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

Explanation of the changes in the scope of consolidation caused by other reasons (such as newly established subsidiaries, liquidation subsidiaries, etc.) and the relevant circumstances:

Company	Method of obtaining and disposing subsidiaries during the reporting period	Impact on the whole production, operation and performance
Shaanxi OFFCN Technology Co., Ltd.	New establishment	Not yet operating, no impact on overall performance
Beijing OFFCN Future Education Technology Co., Ltd.	New establishment	Not yet operating, no impact on overall performance

6. Others

None

Section IX. Interest In Other Entities

1. Interest in subsidiaries

(1) Composition of the Company

Name	Principal place of business	Place of registration	Nature of business	Shareholding ratio		Acquisition method
				Direct	Indirect	
1. Offcn Ltd.	Beijing	Beijing	Service industry	100.00%		Reverse purchase
2. Yawei Automobile Wuhu Services Co., Ltd.	Wuhu	Wuhu	Merchandise sales, etc.	100.00%		New establishment
3. Yaxia Automobile Ningguo Driver Training School	Ningguo	Ningguo	Service industry	100.00%		New establishment
4. Yaxia Automobile Huangshan Fudi Services Co., Ltd.	Huangshan	Huangshan	Merchandise sales, etc.	100.00%		New establishment
5. Yaxia Automobile Chaohu Kaixuan Services Co., Ltd.	Hefei	Hefei	Merchandise sales, etc.	100.00%		New establishment
6. Yaxia Automobile Haozhou Driver Training School	Bozhou	Bozhou	Service industry	100.00%		New establishment
7. Bokai Automobile Suzhou Services Co., Ltd.	Suzhou	Suzhou	Merchandise sales, etc.	100.00%		Acquisition
8. Zhejiang Offcn Co. Ltd.	Hangzhou	Hangzhou	Service industry		100.00%	New establishment
9. Taizhou Offcn Co. Ltd.	Taizhou	Taizhou	Service industry		100.00%	New establishment
10. Offcn Xinzhayu Online Technology Co., Ltd.	Beijing	Beijing	Service industry		100.00%	New establishment
11. Hulunbuir Hailar Offcn Co., Ltd.	Hulunbuir	Hulunbuir	Service industry		100.00%	New establishment
12. Xilinhot Offcn Co., Ltd.	Xilinhot	Xilinhot	Service industry		100.00%	New establishment
13. Yueqing Offcn Co., Ltd.	Yueqing	Yueqing	Service industry		100.00%	New establishment

14. Jiaozuo Offcn Co., Ltd.	Jiaozuo	Jiaozuo	Service industry		100.00%	New establishment
15. Xinzheng Offcn Co., Ltd.	Zhengzhou	Zhengzhou	Service industry		100.00%	New establishment
16. Chongqing Jiangbei Offcn Co., Ltd.	Chongqing	Chongqing	Service industry		100.00%	New establishment
17. Nanning Offcn Co., Ltd.	Nanning	Nanning	Service industry		100.00%	New establishment
18. Baiyin Offcn Co., Ltd.	Baiyin	Baiyin	Service industry		100.00%	New establishment
19. Beijing Xindezhiyuan Enterprise Consulting Co., Ltd.	Beijing	Beijing	Service industry		100.00%	New establishment
20. Nanjing Huiyue Hotel Management Co., Ltd.	Nanjing	Nanjing	Service industry		100.00%	Acquisition
21. Shandong Kunzhong Real Estate Co., Ltd.	Jinan	Jinan	Service industry		100.00%	Acquisition
22. Sanmenxia Offcn Co., Ltd.	Sanmenxia	Sanmenxia	Service industry		100.00%	New establishment
23. Liaoning Offcn Cultural Exchange Co., Ltd.	Shenyang	Shenyang	Service industry		100.00%	New establishment
24. Liaoning Offcn Co., Ltd.	Shenfuxinqu	Shenfuxinqu	Service industry		100.00%	New establishment
25. Tianjin Wuqing Offcn Co., Ltd.	Tianjin	Tianjin	Service industry		100.00%	New establishment
26. Shandong Offcn Co., Ltd.	Qingdao	Qingdao	Service industry		100.00%	New establishment
27. Jilin Changyi Offcn Co., Ltd.	Jilin	Jilin	Service industry		100.00%	New establishment
28. Yuxi Offcn Co., Ltd.	Yuxi	Yuxi	Service industry		100.00%	New establishment
29. Tonghua Offcn Co., Ltd.	Tonghua	Tonghua	Service industry		100.00%	New establishment
30. Hunan Lighsalt Offcn Co., Ltd.	Changsha	Changsha	Service industry		90.00%	New establishment
31. Tianjin Hexi Offcn Co., Ltd.	Tianjin	Tianjin	Service		100.00%	New

			industry			establishment
32. Chengdu Offcn Co., Ltd.	Chengdu	Chengdu	Service industry		100.00%	New establishment
33. Shandong Zuoda Business Management Co., Ltd.	Rizhao	Rizhao	Service industry		100.00%	New establishment
34. Liaoning Zhongcheng Real Estate Development Co., Ltd.	Shenfuxinqu	Shenfuxinqu	Real estate		100.00%	Acquisition
35. Shaanxi Offcn Co., Ltd.	Xi'an	Xi'an	Service industry		100.00%	New establishment
36. Beijing OFFCN Future Education Technology Co., Ltd.	Beijing	Beijing	Service industry		100.00%	New establishment

Explanation of the differences between the percentage of shares held in the subsidiary and the voting rights ratio:

None.

Basis for the case of holding half or less of the voting rights but still controlling the investee, or holding more than half of the voting rights but not controlling the investee:

None.

Basis for the important structured entities included in the scope of consolidation:

None.

Basis for determining whether the Company is an agent or a principal:

None.

(2) The important non-wholly owned subsidiary

Unit: RMB

Name of the subsidiary	Minority Shareholding Ratio	Profit and loss attributable to minority shareholders in the current period	Dividends declared to minority shareholders in the current period	The balance of minority shareholders' equity at the end of the period
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Explanation for the differences between the ratio of the minority shareholders' shareholding and the voting rights ratio:

None.

(3) Major financial information of important non-wholly owned subsidiaries

Unit: RMB

Name of	Closing balance	Opening Balance
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the subsidiary	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total Liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total Liabilities
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Unit: RMB

Name of the subsidiary	Amount for the current period				Amount for the prior period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities

(4) Significant restrictions on the use of corporate group assets and the settlement of corporate group debts

None

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

None

2. Changes in the ownership share of the subsidiary and still controlling the subsidiary's transactions

(1) Explanation of changes in the ownership share of subsidiaries

None.

(2) Impact of the transaction on the equity of minority shareholders and the equity attributable to the parent company

Unit: RMB

Purchase cost/disposal consideration	
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3. Interests in joint arrangements or joint ventures

(1) Significant joint ventures and associates

Name of joint ventures and associates	The principal place of business	The place of registration	Business nature	Shareholding ratio		Accounting treatment of investment in joint ventures or associates
				Direct	Indirect	

Explanation of the differences between the shareholding ratio in a joint venture or an associate and that of the voting rights ratio:

None.

Basis for the case of holding less than 20% of the voting rights but having significant influence, or holding 20% or

more of the voting rights but not having significant influence:

None.

(2) Main financial information of important joint ventures

Unit: RMB

	Closing balance / Amount for the current period	Opening Balance/ Amount for the prior period

(3) Main financial information of important associates

Unit: RMB

	Closing balance / Amount for the current period	Opening Balance/ Amount for the prior period

(4) Summary financial information of unimportant joint ventures and associates

Unit: RMB

	Closing balance / Amount for the current period	Opening Balance/ Amount for the prior period

(5) Explanation of significant restrictions on the ability of joint ventures or associates to transfer funds to the Company

None.

(6) Excess losses incurred by joint ventures or associates

Unit: RMB

Name of joint ventures or associates	Unrecognized loss accumulated in the previous period	Unrecognized loss in the current period (or net profit shared in the current period)	Accumulated unrecognized loss at the end of the period

(7) Unconfirmed commitments related to joint venture investment

None.

(8) Contingent liabilities related to investment in joint ventures or associates

None.

4. Important joint business

Name of joint business	The principal place of business	The place of registration	Business nature	Shareholding ratio/shares	
				Direct	Indirect

Explanation of the differences of the shareholding ratio or the shares enjoyed in the joint operation from that of the voting rights:

None.

Basis for classification as a joint operation if the joint operation is a separate entity:

None.

5. Equity in structured entities not included in the scope of consolidated financial statements

Explanation of structured entities not included in the scope of consolidated financial statements:

None.

6. Others

None.

Section X. Risks Associated with Financial Instruments

The Company's main financial instruments include 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 the risks are contained within a defined range.

Risk management objectives and policies: The Company's risk management is to strike an appropriate balance between risks and benefits, minimize the negative impact of risks on the Company's business performance and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of the Company's risk management is to determine and analyze various risks faced by the Company, establish an appropriate bottom line for risk tolerance, make risk management and timely and reliably supervise and control various risks.

The main risks caused by the Company's financial instruments are credit risk, liquidity risk and market risk.

1. Classification of financial instruments

1.1 Carrying value of various financial assets on the balance sheet date

(1) June 30, 2020

Item	Financial assets measured at amortized cost	Financial assets measured at fair value and with variation reckoned into current gains/losses	Financial assets measured at fair value and with variation reckoned into other comprehensive income	<u>Total</u>
Cash and cash equivalents	4,665,798,912.43			4,665,798,912.43

Financial assets held for trading		2,156,713,143.65		2,156,713,143.65
Accounts receivable	14,349,954.64			14,349,954.64
Other receivables	533,546,149.67			533,546,149.67
Non-current assets maturing within one year	1,838,527,164.24			1,838,527,164.24
Debt investments	122,023,500.00			122,023,500.00
Investment in other equity instruments			162,800,000.00	162,800,000.00
Other non-current financial assets		138,166,559.96		138,166,559.96

(2) January 1, 2020

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

1.2 Carrying value of various financial assets on the balance sheet date is as follows:

(1) June 30, 2020

Item	Financial liabilities measured at fair value and with variation reckoned into current gains/losses	Other financial liabilities	Total
Short-term borrowings		3,457,000,000.00	3,457,000,000.00
Accounts payable		25,285,867.85	25,285,867.85

Other payables		54,583,260.88	54,583,260.88
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(2) January 1,2020

Item	Financial liabilities measured at fair value and with variation reckoned into current gains/losses	Other financial liabilities	Total
Short-term borrowings		2,867,000,000.00	2,867,000,000.00
Accounts payable		236,481,990.86	236,481,990.86
Other payables		88,693,411.98	88,693,411.98

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 value of these instruments, including:

The Company's monetary capital is deposited in banks with high credit rating, so the credit risk of monetary capital is low.

The biggest credit risk to the Company is the book value of accounts receivable and other receivables in the consolidated balance sheet. The Company continuously monitors the balance of accounts receivable and other receivables to ensure that the overall credit risk of the company is under control. The quantitative data of the Company's credit risk exposure arising from accounts receivable and other receivables can be found in Note VII (5) "Accounts receivable" and Note VII (8) "Other receivables".

3. Liquidity risk

The Company adopts the revolving liquidity plan tool to manage the risk of capital shortage. The facility considers both the maturity date of its financial instruments and the expected cash flow generated by the company's operations.

The goal of the Company is to maintain the balance between the sustainability and flexibility of financing through a variety of financing instruments, including bank loans and other interest-bearing loans.

When managing liquidity risks, the Company shall maintain sufficient cash and cash equivalents as deemed by the management and monitor them to meet the Company's operational needs and reduce the impact of cash flow fluctuations. The managements monitor the use of bank loans and ensure compliance with loan agreements.

Maturity analysis of financial liabilities based on undiscounted contract cash flow:

Closing balance				
Item				

	Within 1 year	1-5 years	Over 5 years	<u>Total</u>
Short-term borrowings	3,457,000,000.00			<u>3,457,000,000.00</u>
Accounts payable	25,285,867.85			<u>25,285,867.85</u>
Other payables	54,583,260.88			<u>54,583,260.88</u>

Continued table:

Opening balance				
Item				
	Within 1 year	1-5 years	Over 5 years	<u>Total</u>
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>

4. Market risk

Market risk refers to the risk that the fair value of financial instruments or future cash flow fluctuates due to changes in market prices, including interest rate risk and foreign currency risk.

4.1. Interest rate risk

None

4.2. Exchange rate risk

None

Section XI. Fair Value Disclosure

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

Unit: RMB

Item	Closing fair value			
	Level 1	Level 2	Level 3	Total
I. Continuous fair value measurement	--	--	--	--
1. Held-for-trading financial asset		2,256,829,703.61	38,050,000.00	2,294,879,703.61
(1) Financial assets measured at fair value and with variation reckoned into current gains/losses		2,256,829,703.61	38,050,000.00	2,294,879,703.61
① Debt instruments investment		2,256,829,703.61	38,050,000.00	2,294,879,703.61
② Equity instruments investment				

③Derivative financial assets				
(2) Designated financial assets measured at fair value and with variation reckoned into current gains/losses				
① Debt instruments investment				
② Equity instruments investment				
2. Other debt investment				
3. Other equity instruments investment			162,800,000.00	162,800,000.00
4. Investment properties				
(1) Land use rights for lease				
(2) Buildings rent				
(3) Land use rights to be transferred after appreciation				
5. Biological assets				
(1) Consumptive biological assets				
(2) Productive biological assets				
Total assets measured continuously at fair value		2,256,829,703.61	200,850,000.00	2,457,679,703.61
6. Held-for-trading financial liabilities				
Inc: Trading bonds				
Derivative financial liabilities				
Others				
7. Designated financial liabilities measured at fair value and with variation reckoned into current gains/losses				
Total liabilities measured continuously at fair value				
II. Non-continuous fair value measurement	--	--	--	--
1. Assets holding for sale				

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. Information on the valuation technique and qualitative and quantitative for important parameters adopted as for sustainable and non-sustainable second-level fair value measurement items

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. Information on the valuation technique and qualitative and quantitative for important parameters adopted as for sustainable and non-sustainable third-level fair value measurement items

The Company's sustainable third-level fair value measurement items are mainly non-tradable equity instruments investment and debt instruments investment. The fair value is determined by market method and liquidity discount.

5. Adjustment information between opening and closing book value and sensitivity analysis of unobservable parameters as for third-level fair value measurement items

None.

6. Reasons for the conversion between different levels during the current period and the policy to determine the conversion point as for continuous fair value measurement items

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.

9. Others

None.

Section XII. Related Party and Transactions

1. Parent company of the Company

Name of the Parent Company	Place of registration	Nature of business	Registered capital	The parent company's shareholding ratio in the Company	Proportion of voting rights of the parent company to the Company
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The Company is ultimately controlled by Li Yongxin and Lu Zhongfang.

Other explanation:

As of June 30, 2020, the combined shareholding of Li Yongxin and Lu Zhongfang accounted for 60.58% of the Company's share capital.

2. Subsidiaries of the Company

For details of the subsidiaries of the Company, see Note IX (1) "Interest in subsidiaries".

3. Joint ventures and associates of the company

The important joint ventures or associates of the company are detailed in the notes.

The information of other joint ventures or associates that have related party transactions with the Company in the current period or that have related party transactions with the Company in the previous period to form a balance is as follows:

Name of joint ventures or associates	Relationship with the Company
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4. Other related parties of the Company

Other related party names	Relationship between other related parties and the Company
Li Yongxin	The controlling shareholder
Beijing Qianqiu Intelligence Book & Media Co., Ltd.	Actual controller
Beijing 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 Meilan Offcn Training School	Actual controller
Handan Congtai Offcn Training School	Actual controller

Hegang Offcn Training School	Actual controller
Heihe Aihui Offcn Training School	Actual controller
Kiamusze Offcn Training School	Actual controller
Leshan Shizhong Offcn Training School	Actual controller
Mudanjiang Offcn Training School	Actual controller
Qiqihar Tiefeng Offcn Training School	Actual controller
Shaoyang Shuangqing Offcn Training School	Actual controller
Tangshan Lunan Offcn Training School	Actual controller
Weifang Offcn Training School	Actual controller
Urumqi Shayibake Offcn Training School	Actual controller
Yiyang Heshan Offcn Training School	Actual controller
Shenyang Lijing Pearl Hotel Management Co., Ltd.	A company controlled by our executives and core employees
Beijing Taifu Hotel Management Co., Ltd.	A company controlled by our executives and core employees
Beijing Xingshou Fuyuan Plantation	A company controlled by Xu Hua, spouse of Li Yongxin, the controlling shareholder and actual controller of the Company
Wang Zhendong	The company's director/ senior manager/ shareholder who directly hold more than 5% (including 5%) of the Company's shares
Shi Lei	Director of the company
Yi Ziting	Director of the company
Wang Qiang	Independent director of the company
Tong Yan	Independent director of the company
Zhang Xuanming	Independent director of the company
Guo Shihong	Former supervisor of the Company
Yu Hongwei	Supervisor of the Company
Li Wen	Supervisor of the Company
He Di	Supervisor of the Company
Wang Xuejun	Senior management of the Company
He Youli	Senior management of the Company
Zhang Yongsheng	Former senior management of the Company
Gui Hongzhi	Senior management of the Company
Luo Xue	Senior management of the Company
Li Lin	Core technique staff of the Company
Liu Yan	Core technique staff of the Company
Zhang Hongjun	Core technique staff of the Company

5. Related-party transactions

(1) Related transactions in the purchase and sale of goods, provision and receipt of labor services

Table of the procurement of goods/ acceptance of labor services

Unit: RMB

Related parties	Content of related party transaction	Amount for the current period	Transaction amount granted	Whether it exceeds the transaction limit (Y/N)	Amount for the previous period
Beijing Taifu Hotel Management Co., Ltd.	Accommodation and catering services	8,245,500.00	40,000,000.00	N	8,836,650.00
Baoding Lianchi Offcn Training School	Joint school running	30,000.00		N	40,090.00
Cangzhou Yunhe Offcn Training School	Joint school running	30,000.00		N	74,982.00
Chengdu Wuhou Offcn Training School	Joint school running	40,000.00		N	50,000.00
Handan Congtai Offcn Training School	Joint school running	30,000.00		N	40,100.00
Hegang Offcn Training School	Joint school running	0.00		N	15,000.00
Heihe Aihui Offcn Training Center	Joint school running	36,998.00		N	15,000.00
Kiamusze Offcn Training School	Joint school running	24,000.00		N	10,000.00
Leshan Shizhong Offcn Training School	Joint school running	35,000.00		N	70,000.00
Mudanjiang Offcn Training School	Joint school running	22,800.00		N	10,000.00
Qiqihar Tiefeng Offcn Training School	Joint school running	47,800.00		N	42,000.00
Shaoyang Shuangqing Offcn Training School	Joint school running	0.00		N	20,000.00
Tangshan Lunan Offcn Training School	Joint school running	30,000.00		N	50,375.00

Weifang Offcn Training School	Joint school running	71,100.00		N	138,015.00
Yiyang Heshan Offcn Training School	Joint school running	50,000.00		N	15,000.00
Haikou Meilan Offcn Training School	Joint school running	20,000.00		N	0.00

Sales of goods/ Table of provision of services

Unit: RMB

Related parties	Content of related party transaction	Amount for the current period	Amount for the previous period
Beijing Qianqiu Intelligence Book & Media Co., Ltd.	Exhibition services	1,179,245.28	1,132,075.47

Explanations for the procurement and sales of goods and rendering and receiving service:

None.

(2) Related fiduciary management / contracting and entrusted management / outsourcing

The table of the Company's fiduciary management / contracting:

Unit: RMB

Name of entruster /outsourcer	Name of trustee / contractor	Type	Start date	Termination Date	The pricing basis of custody income / contracting income	Recognized custody income / contracting income for the current period
Li Yongxin	Offcn Ltd.	33 private schools	November 19, 2018		All reasonable returns on the entrusted assets	

Explanations for related entrustment and contracting:

None.

The table of the Company's entrusted management and outsourcing

Unit: RMB

Name of entruster /outsourcer	Name of trustee / contractor	Type	Start date	Termination Date	Pricing basis for custody/outsou	Custody/outsourcing fee confirmed in
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					rcing fee	this period
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Explanations for related management and outsourcing

None.

(3) Related lease

The Company as the lessor:

Unit: RMB

Name of lessee	Category	Rental income recognized for the current period	Rental income recognized for the previous period
Anhui Yaxia Industrial Group Co., Ltd.	Operating lease	9,854,967.65	9,385,683.40

The Company as the lessee:

Unit: RMB

Name of lessor	Category	Rental fee recognized for the current period	Rental fee recognized for the previous period
Shenyang Lijing Pearl Hotel Management Co., Ltd.	Operating lease	25,030,700.00	11,918,000.00

Explanations of related lease

None.

(4) Related guarantees

The Company as the guarantor

Unit: RMB

Guaranteed party	Guarantee amount	Guarantee start date	Guarantee expiration date	Whether the guarantee has been fulfilled
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The Company as the guaranteed party

Unit: RMB

Guarantor	Guarantee amount	Guarantee start date	Guarantee expiration date	Whether the guarantee has been fulfilled
Li Yongxin	360,000,000.00	January 9, 2019	January 9, 2020	Yes

Explanations of related guarantees:

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

(5) Borrowing from related parties

Unit: RMB

Related party	Amount	Start date	Expiration date	Description
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(6) Assets transfer and debt restructuring related party

Unit: RMB

Related party	related-party transaction content	Amount for the current period	Amount for the prior period

(7) Remuneration for key management personnel

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Remuneration for key management personnel		8,350,871.73

(8) Other related transactions

None.

6. Receivables and payables of related parties

(1) Receivables

Unit: RMB

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Beijing Qianqiu Intelligence Book & Media Co., Ltd.	1,250,000.00		0.00	
Other receivables	Shenyang Lijing Mingzhu Hotel Management Co., Ltd.	5,675,200.00		5,675,200.00	

(2) Payables

Unit: RMB

Item	Related party	Closing book balance	Opening book balance
Accounts payables	Yiyang Heshan Offcn Training School	50,000.00	0.00

7. Related party commitments

For details of the commitments of related parties, please refer to Note XIV (1) “Important commitments”.

8. Others

None.

Section XIII. Share-based payment**1. Overview of share-based payment**

☒ Applicable ☐ Not applicable

Unit: RMB

Total equity instruments granted by the Company in the current period	0.00
Total equity instruments exercised by the Company in the current period	0.00
Total equity instruments invalidated by the Company in the current period	0.00
Scope of the exercise price of the stock options issued by the Company at the end of the period and the remaining period of the contract	0
Scope of the exercise price of other equity instruments issued by the Company at the end of the period and the remaining period of the contract	0

Other statement

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

On August 11, 2015, according to the Company's shareholders' committee resolution, the Company registered capital was increased from RMB 10,000,000.00 to RMB 11,111,111.11, and the newly-added registered capital of RMB 1,111,111.11 shall be contributed by Beijing Aerospace Industry Investment Fund (limited partnership), Beijing Guangyin Venture Capital Investment Center (limited partnership) and Beijing Jirui Technology Innovation Investment Center (limited partnership) in a totally RMB 300,000,000.00, with the corresponding consideration at RMB 270 per share.

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

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, RMB 53,800,000.00 and RMB 26,900,000.00 are respectively recognized according to the limitation years of equity incentive of 2015, 2016, 2017, 2018, 2019 and first half of 2020. The administrative expenses of RMB 269,000,000.00 are accumulatively recognized and the capital reserves of RMB 269,000,000.00 are increased correspondingly.

2. Equity-settled share payments

√ Applicable ☐ Not applicable

Unit: RMB

Determination of the fair value of equity instruments on the grant date	Based on the latest issue of new shares, it is determined to be RMB 270 per share.
Basis for determining the number of vested equity instruments	Estimate the number of restricted stocks that can be unlocked based on the turnover rate
Reasons for significant differences between the current period's estimates and the previous period's estimates	None
Accumulated amount of equity-settled share-based payments included in capital reserve	269,000,000.00
Total expenses recognized for equity-settled share-based payments in the current period	26,900,000.00

Other statement

Equity-settled share-based payments: The granting date of the equity incentive plan was after the shareholders' meeting reviewed and approved the incentive plan (May 22, 2015), the incentive share agreement was transferred to Wang Zhendong, and the grant was completed when Offcn Ltd. completed the changes of industrial and commercial registration (July 23, 2015). 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 share in Offcn Ltd. within five years, it shall be transferred to Lu Zhongfang and the person designated by Lu Zhongfang. If Wang Zhendong resigns or transfers his share in Offcn Ltd during the above period, the price shall be based on the original cost of Wang Zhendong's acquisition of the share in Offcn Ltd., plus the interest at the 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 the 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 an appropriate time.

After the major asset restructuring of the Company, all shareholders of Offcn Ltd. became shareholders of the Company, and Wang Zhendong also became the shareholder of the Company. Therefore, Wang Zhendong, Lu Zhongfang and Offcn Ltd. in the supplementary agreement after completion of the reorganization, agreed, after the completion of the transaction Wang Zhendong would become a shareholder of the Company. In the next five years after June 1, 2015, Wang Zhendong shall continue to serve the Offcn Ltd., shall not resign, and shall not transfer in the meantime its holdings of shares of the Company to the public. If Wang Zhendong leaves during that period, he shall still have to pay a total of RMB 269 million as the equity transfer difference to Lu Zhongfang, Liu Bin, Zhang Yongsheng and Guo Shihong.

3. Share-based payment through cash settlements

☐ Applicable ☒ Not applicable

4. Modification and termination of share-based payment

None

5. Others

None

Section XIV. Commitments and contingencies

1. Important commitments

Important commitments on balance sheet date

Pursuant to the *Profit Forecast Compensation Agreement* signed by 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 confirmed and promised that after the completion of the major assets restructuring, the net profits attributable to the owner 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. Contingencies

(1) Important contingencies on balance sheet date

None

(2) Whether the Company has important contingencies that need to be disclosed and the explanations:

The Company has no important contingencies that need to be disclosed.

3. Others

None.

Section XV. Matters subsequent to the balance sheet date

1. Significant unadjusted matters

Unit: RMB

Item	Content	Cumulative impacts on the financial status and operating results	Cause of failure in measuring cumulative impacts
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2. Profit distribution

Unit: RMB

Profits or dividends to be distributed	
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3. Sales return

None

4. Other matters subsequent to the balance sheet date

None

Section XVI. Other important matters

1. Corrections of accounting errors of previous period

(1) Retrospective restatement

Unit: RMB

Corrections of accounting errors	Processing procedures	statements item of the affected comparison period	Cumulative impact
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(2) Prospective application

Corrections of accounting errors	Approval procedure	Reasons for adopting prospective application
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2. Debt restructuring

None

3. Assets exchange

(1) Non-monetary asset exchange

None

(2) Other assets exchange

None

4. Pension plan

None

5. Discontinued operations

Unit: RMB

Item	Revenue	Expense	Total profit	Income tax expenses	Net profit	Profit of discontinued operations attributable to the owner of the parent company

6. Information of segments**(1) Basis for determination of report segment 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 of this report — The Company's Significant Accounting Policies and Accounting Estimates.

(2) Financial information of the reporting segment

Unit: RMB

Item		Inter-segment offset	Total

(3) If the Company has no reporting segment, or cannot disclose the total assets and liabilities of each segment, the reasons shall be clarified.

(4) Other statements

① Revenue from external transactions for each product and service or each similar product and service.

Item	Amount for the current period	Amount for the prior period
Main business	2,788,186,999.66	3,612,344,963.59
Including: Education and training	2,788,186,999.66	3,612,344,963.59
Other businesses	19,793,480.94	25,074,551.89

<u>Total</u>	<u>2,807,980,480.60</u>	<u>3,637,419,515.48</u>
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② Total foreign transaction income obtained by the Company from its own country and from other countries or regions.

Area	Amount for the current period	Amount for the prior period
Domestic area	2,807,980,480.60	3,637,419,515.48
<u>Total</u>	<u>2,807,980,480.60</u>	<u>3,637,419,515.48</u>

7. Other important transactions and events having impacts on decisions of investors

None

8. Others

None

Section XVII. Notes to the parent company's financial statements

1. Receivables

(1) Classified disclosure of receivables

Unit: RMB

Item	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Accounts receivables for which bad debt provision has been assessed by single credit risk										
Including										

Accounts receivable for which bad debt provision has been assessed by credit risk portfolios	7,640,399.41	100.00%	382,019.97	5.00%	7,258,379.44					
Including:										
Combination 3	7,640,399.41	100.00%	382,019.97	5.00%	7,258,379.44					
Total	7,640,399.41	100.00%	382,019.97		7,258,379.44					

Bad debts provision on a single item basis:

Unit: RMB

Item	Closing balance			
	Book balance	Bad debt provision	Proportion	Reasons

Bad debt provision assessed by credit risk portfolios: 382,019.97

Unit: RMB

Item	Closing balance		
	Book balance	Bad debt provision	Proportion
Provision for bad debts of accounts receivable	7,640,399.41	382,019.97	5.00%
Total	7,640,399.41	382,019.97	--

Explanations for the determining basis of the portfolios:

None

Bad debt provision assessed by credit risk portfolios:

Unit: RMB

Item	Closing balance		
	Book balance	Bad debt provision	Proportion

Explanations of the basis for determining the portfolios

If the bad debt provision of accounts receivable is based on the general model of expected credit loss, please refer to the disclosure methods of other receivables to disclose the relevant information of bad debt provision:

☐ Applicable ☒ Not applicable

Disclosure by aging

Unit: RMB

Aging	Closing balance
Within 1 year (inclusive)	7,640,399.41
1-2 years	
2-3 years	
Over 3 years	
3-4 years	
4-5 years	
Over 5 years	
Total	7,640,399.41

(2) Provision, recovery or reversal of bad debts in current period

Provision of bad debts in current period:

Unit: RMB

Category	Opening balance	Changes in the current period				Closing balance
		Provision	Recovery or reversal	Written-off	Others	
Provision for bad debts of accounts receivable		382,019.97				382,019.97
Total		382,019.97				382,019.97

Significant amount of provision, recovery or reversal of bad debts in current period:

Unit: RMB

Name of institutions	Amount of recovery or	Recovery method
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	reversal	
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None

(3) Receivables written-off in current period

Unit: RMB

Item	Written-off amount
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Important receivables written-off:

Unit: RMB

Creditor	Nature of receivables	Written-off amount	Reasons for written-off	Implemented written-off procedure	Whether generated from related transactions
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Statement of receivables written-off:

None

(4) Accounts receivables of the top five debtors based on the ending balance

Unit: RMB

Creditor	Closing balance receivables	Proportion in total closing balance receivables	Closing balance of bad debt provision
Client 1	7,640,399.41	100.00%	382,019.97
Total	7,640,399.41	100.00%	

(5) Receivables derecognized due to the transfer of financial assets

None

(6) Assets or liabilities arising from transferring receivables and continuing to be involved

None

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Interest receivables		
Dividends receivables		1,700,000,000.00
Other receivables	688,067,588.44	17,949,520.99
Total	688,067,588.44	1,717,949,520.99

(1) Interest receivables**1.1 Classification of interest receivables**

Unit: RMB

Item	Closing balance	Opening balance
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1.2 Important overdue interest

Borrower	Closing balance	Time	Reason	Whether impairment occurs and the judgment basis
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1.3 Bad debt provision

☐Applicable ☒ Not applicable

(2) Dividends receivables

2.1 Classification of dividends receivables

Unit: RMB

Project (or investee)	Closing balance	Opening balance
Offcn Ltd.		1,700,000,000.00
Total		1,700,000,000.00

2.2 Important dividend receivable aged over 1 year

Unit: RMB

Project (or investee)	Closing balance	Aging	Cause of recovery failure	Whether impairment occurs and the judgment basis
Total		--	--	--

2.3 Bad debt provision

☐Applicable ☒ Not applicable

(3) Other receivables

3.1 Classification of other receivables by nature

Unit: RMB

Item	Closing balance	Opening balance
Current payment	688,061,988.44	17,943,920.99
Deposits and guarantees	5,600.00	5,600.00

Total	688,067,588.44	17,949,520.99
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3.2 Bad debt provision

Unit: RMB

	First stage	Second stage	Third stage	
Bad debt provision	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (no credit impairment).	Expected credit loss in the whole duration (credit impairment has occurred)	Total

Changes in the book balance with significant changes in the loss provision for the current period

☐Applicable ☒Not applicable

Disclosure by aging

Unit: RMB

Aging	Closing balance
Within 1 year (inclusive)	679,680,406.08
1 to 2 years	8,387,182.36
2 to 3 years	
Over 3 years	
3 to 4 years	
4 to 5 years	
Over 5 years	
Total	688,067,588.44

3.3 Provision, recovery or reversal of bad debt in current period

Bad debt provision in current period

Unit: RMB

Item	Opening balance	Changes in the current period				Closing balance
		Provision	Recovery or reversal	Written-off	Others	

Important recovery or reversal of bad debt provision in current period:

Unit: RMB

Creditor	Amount of recovery or reversal	Recovery method
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3.4 Other receivables written off in current period

Unit: RMB

Item	Written-off amount
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Important other receivables written-off:

Unit: RMB

Creditor	Nature of other receivables	Written-off amount	Reason for Written-off	Implemented written-off procedure	Whether generated from related transactions
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Explanation of other receivables written-off:

None

3.5 Other receivables of the top five debtors based on the ending balance

Unit: RMB

Creditor	Nature of receivable	Closing balance	Aging	Proportion in total closing balance of other receivables	Closing balance of bad debt provision
Offcn Ltd.	Current payment	669,605,862.61	Within 1 year (including 1 year)	97.32%	
Yaxia Automobile Bozhou Driver Training School	Current payment	9,962,596.36	Within 2 years (including 2 years)	1.45%	
Yaxia Automobile Wuhu Yawei Services Co., Ltd.	Current payment	3,264,701.52	Within 1 year (including 1 year)	0.47%	
Yaxia Automobile Suzhou Bokai Services Co., Ltd.	Current payment	3,065,491.82	Within 1 year (including 1 year)	0.45%	
Yaxia Automobile	Current payment	1,907,374.50	Within 2 years	0.28%	

Huangshan Fudi Services Co., Ltd.			(including 2 years)		
Total	--	687,806,026.81	--	99.97%	

3.6 Receivables related to government subsidies

Unit: RMB

Name of institutions	Government subsidies	Closing balance	Closing aging	Time, amount and basis of expected collection
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3.7 Other receivables derecognized due to the transfer of financial assets

None

3.8 Assets and liabilities arising from transferring other receivables and continuing to be involved

None

3. Long-term equity investment

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	18,582,307,907.14		18,582,307,907.14	18,582,307,907.14		18,582,307,907.14
Investment in associated enterprises and joint ventures						
Total	18,582,307,907.14		18,582,307,907.14	18,582,307,907.14		18,582,307,907.14

	14		.14		
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(1) Investment in subsidiaries

Unit: RMB

Investee	Opening balance (Book value)	Increase and decrease in current period				Closing balance (Book value)	Closing balance of provision for impairme nt
		Additional investme nt	Investmen t reduction	Provision for impairment	Others		
Offcn Ltd.	18,500,000,000.00					18,500,000,000.00	
Yaxia Automobile Wufu Yawei Services Co., Ltd.	23,000,000.00					23,000,000.00	
Yaxia Automobile Ningguo Driver Training School	17,474,782.14					17,474,782.14	
Yaxia Automobile Huangshan Fudi Services Co., Ltd.	5,000,000.00					5,000,000.00	
Yaxia Automobile Chaohu Kaixuan Services Co., Ltd	5,000,000.00					5,000,000.00	
Yaxia Automobile Bozhou Driver Training School	20,000,000.00					20,000,000.00	
Yaxia Automobile Suzhou Bokai Services Co., Ltd.	11,833,125.00					11,833,125.00	
Shaanxi Offcn						0.00	

Education Tech. Co. Ltd.							
Beijing Offcn Future Education Tech. Co. Ltd.						0.00	
Total	18,582,307,907.14					18,582,307,907.14	

(2) Investment in associated enterprises and joint ventures

Unit: RMB

Investor	Opening balance (Book value)	Increase and decrease in current period								Closing balance (Book value)	Closing balance of provision for impairment
		Additional investment	Investment reduction	Investment gains and losses recognized under the equity method	Other Comprehensive income adjustment	Other Equity changes	Declared cash dividends or profits	Provision for impairment	Others		

(3) Other statements

None

4. Revenue and cost of revenue

Unit: RMB

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost of revenue	Revenue	Cost of revenue
Main business				
Other businesses	7,276,570.86	5,667,932.11	7,276,570.86	5,668,813.35
Total	7,276,570.86	5,667,932.11	7,276,570.86	5,668,813.35

Income related information:

Unit: RMB

Contract Classification	Segment 1	Segment 2		Total
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Obligation performance related information:

None

Information related to the transaction price allocated to the remaining performance obligations:

The income from the unfulfilled or uncompleted obligation with signed contracts at the end of the reporting period: RMB0.00 .

5. Investment income

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Income from long-term equity investments under cost method		
Income from long-term equity investments under equity method		
Investment income from the disposal of long-term equity investments		
Investment income from holding held-for-trading financial assets		
Investment income from disposal of held-for-trading financial assets		
Dividend income from holding other equity instrument investments		
Income from the remeasurement of the remaining equity at fair value after loss of control		
Interest income obtained during the holding period of debt investments		
Interest income obtained during the holding period of other debt investments		
Investment income from the disposal of other debt investments		
Financing income		30,534.61

Total		30,534.61
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6. Others

None

Section XVIII. Supplementary information**1. Details of current non-recurring gains and losses**

√ Applicable □ Not applicable

Unit: RMB

Item	Amount	Explanation
Profits or losses from the disposal of non-current assets	162,043.59	
Tax refunds, reductions and exemptions with unauthorized approval or without formal approval documents		
Government subsidies included in the current profit and loss (except the government subsidies closely related to the business of the enterprise, and fixed or quantified in accordance with national unified standards)	169,304.01	
Capital occupation fees charged to non-financial enterprises included in the current profit and loss		
The income from the fair value of the investees' identifiable net assets when the investment was obtained less the investment cost of the enterprise in subsidiaries, associates and joint ventures		
Non-monetary asset exchange gains and losses		
Profit or loss from entrusting others to invest or manage assets	90,927,476.86	
Impairments provision 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 of the subsidiary for the current period from the beginning of the period to the date of business combination		

under common 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, gains and losses from the changes in the fair value of the holding of financial assets held for trading, derivative financial assets, financial liabilities held for trading, and derivative financial liabilities, and the investment income from the disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments		
Receivables and reversal of contract asset impairment reserves that are individually tested for impairment		
Gains and losses from external entrusted loans		
Gains and losses from changes in the fair value of Investment properties that are subsequently measured at the fair value model		
Impact of a one-off adjustment to the current profit and loss in accordance with the requirements of taxation, accounting and other laws and regulations on the current profit and loss		
Custody fee income from entrusted operations		
Non-operating income and expenses other than the above	-93,154.28	
Other profit and loss items in line with the definition of non-recurring profit and loss	43,350,067.49	
Less: Amount impacted by income tax		
equity attributable to minority shareholders		
Total	134,515,737.67	--

Provide explanations for classifying non-recurring profit and loss items defined or listed in the Explanatory Announcement No. 1 for

Information Disclosures of the Company Issuing Securities Publicly – Non-recurring Profits and Losses, and for classifying non-recurring profit and loss items listed in the Explanatory Announcement No. 1 for Information Disclosures of the Company Issuing Securities Publicly – Non-recurring Profits and Losses as recurring profit and loss items.

☐ Applicable ☒ Not applicable

2. Return on equity and earnings per share

Profit in the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to common shareholders of the Company	-9.00%	-0.04	-0.04
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses	-14.20%	-0.06	-0.06

3. Differences in accounting data under Domestic and Overseas Accounting Standards**(1) Differences in net profit and net assets in financial reports disclosed in accordance with both international accounting standards and Chinese accounting standards**

☐ Applicable ☒ Not applicable

(2) Differences in the financial report of net profits and net assets disclosed by Overseas Accounting Standards and China Accounting Standards

☐ Applicable ☒ Not applicable

(3) Explanation of the differences in accounting data under domestic and overseas accounting standards. Names of overseas institutions shall be indicated if difference adjustments of data from overseas audit institutions are conducted

None

4. Others

None

Chapter XII Documents Available for Reference

I. The full text of 2020 Semi Annual Report signed by Wang Zhendong, the Company's legal representative.

II. The financial statement signed and sealed by the legal representative of the Company, the person in charge of accounting work and the person in charge of accounting department (accounting supervisor).

III. The original 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.

IV. Other related documents.

The place where the above-mentioned documents are maintained: the office of the Company's Secretary of the Board of Directors.