



**OFFCN EDUCATION TECHNOLOGY CO., LTD.**

**2023 Semi-Annual Report**

**Stock Code: 002607**

**Stock Abbr.: OFFCN EDU**

**August, 2023**

## Chapter 1 Important Notes, Contents and Definitions

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

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

All directors attended the board meeting for reviewing this report.

The forward-looking statements on future plans and development strategies involved in this report do not constitute a substantial commitment to investors. The possible risks and countermeasures have been detailed in Section X *Possible risks and responses* of Chapter 3 *Management Discussion and Analysis* of this report. Investors are advised to pay attention to the potential investment risks.

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

The Company's 2023 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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## **Documents Available for Reference**

- I. The full text of 2023 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 relevant documents.

The place where the above-mentioned documents are maintained: the office of the Company's Secretary of the Board of Directors

## Definitions

Term(s)	Definition
The listed Company, The Company, Offcn Edu	Offcn Education Technology Co., Ltd.
CSRC	China Securities Regulatory Commission
<i>Company Law</i>	<i>Company Law of the People's Republic of China</i>
<i>Securities Law</i>	<i>Securities Law of the People's Republic of China</i>
Articles of Corporation	Articles of Corporation of Offcn Education Technology Co., Ltd.
yuan, 10 thousand yuan, 100 million yuan	RMB yuan, RMB 10 thousand yuan, RMB 100 million yuan
This major assets restructuring, This transaction, This restructuring	Based on the assessment, Yaxia Auto takes all assets and liabilities other than retained assets as the exchange-out assets to swap the equivalent portion of 100% equity of Offcn which held by Li Yongxin and other 10 counterparties, and the swapping deficiency is settled by issuance of Yaxia Auto shares according to the proportion of shareholding. At the same time, Yaxia Industrial transfers 80,000,000 and 72,696,561 Yaxia Auto shares to Offcn Partnership and Li Yongxin respectively. All shareholders of Offcn entrust Yaxia Auto to directly deliver the exchange-out assets to Yaxia Industrial or its designated third party as the consideration for the transfer of 80,000,000 shares to Offcn Partnership, and Li Yongxin offers RMB1 billion in cash as the consideration for the transfer of 72,696,561 shares.
Aerospace Industry	Beijing Aerospace Industry Investment Fund (Limited Partnership)
Kerui Technology Innovation	Beijing Kerui Technology Innovation Investment Center (Limited Partnership)
Offcn Partnership	Beijing Offcn Future Information Consulting Center (Limited Partnership), established by all shareholders of Offcn Ltd. in accordance with the shareholdings ratio, which is used to undertake 80,000,000 shares of the listed Company transferred by Yaxia Industrial.
Yaxia Industrial	Anhui Yaxia Industrial Co., Ltd.

## Chapter 2 Corporate Profile & Key Financial Indicators

### Section I. Corporate profile

Stock Abbreviation	OFFCN EDU	Stock Code	002607
Stock Abbreviation before change (if any)	N/A		
Listed Stock Exchange	Shenzhen Stock Exchange		
Chinese Name of the Company	中公教育科技有限公司		
Chinese Name Abbreviation of the Company (if any)	中公教育		
English Name of the Company (if any)	Offcn Education Technology Co., Ltd.		
English Name Abbreviation of the Company (if any)	OFFCN EDU		
Legal Representative of the Company	Wang Zhendong		

### Section II. Contact information

	Board Secretary	Securities Affairs Representative
Name	Gui Hongzhi	Gu Pan
Address	Block B, Hanhua Century Mansion, No.23 Xueqing Road, Haidian District, Beijing, China	Block B, Hanhua Century Mansion, No.23 Xueqing Road, Haidian District, Beijing, China
Tel	010-83433677	010-83433677
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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 2022 Annual Report.

#### 2. Location of information disclosure and storage

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

Applicable  Not applicable

The stock exchange website, media name and websites designated by the Company for information disclosure, and storage location of this semi-annual report remain the same during the reporting period. Details can be found in 2022 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 need to adjust its financial data retrospectively or restate its accounting data 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)	1,728,338,446.75	2,226,704,962.11	-22.38%
Net profit attributable to shareholders of the listed Company (RMB)	81,981,744.79	-890,931,710.33	109.20%
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains or losses (RMB)	83,192,645.63	-903,639,304.26	109.21%
Net cash flow from operating activities (RMB)	-528,812,182.67	1,032,982,411.32	-151.19%
Basic earnings per share (RMB/share)	0.01	-0.14	107.14%
Diluted earnings per share (RMB/share)	0.01	-0.14	107.14%
Weighted average return on net assets	9.99%	-61.73%	71.72%
	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)	8,154,625,310.27	8,027,414,353.26	1.58%
Total net assets attributable to shareholders of the listed Company (RMB)	861,915,680.56	779,933,935.77	10.51%

### 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 the financial reports of the Company

under Chinese accounting standards and overseas accounting standards during the reporting period.

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

Applicable  Not applicable

Unit: RMB

Items	Amount	Note
Profits or losses on disposal of non-current assets (including offsetting amount for the provision of impairment of assets)	-3,310,651.17	
Government grants included in current profit or loss (except those closely related to the Company's normal business operations, which are in accordance with national policies and continuously enjoyed in accordance with certain standards or quotas)	2,245,077.55	
Profit or loss from entrusting others to invest or manage assets	2,429.11	
Other non-operating income and expenses except for the items above	-314,728.01	
Less: Impact on income tax	-166,971.68	
Total	-1,210,900.84	

Details of other profits or losses items that meet the definition of non-recurring profits or losses:

Applicable  Not applicable

The Company has no specific circumstances of other profits or losses items that meet the definition of non-recurring profits or losses.

Explanations for classifying items of non-recurring profits or losses defined or listed in “the Explanatory Announcement No. 1 for Public Company Information Disclosures – Non-recurring Profits or Losses” as items of recurring profits or losses.

Applicable  Not applicable

The Company does not classify any non-recurring profits or losses items that are defined or listed in “the Explanatory Announcement No. 1 for Public Company Information Disclosures – Non-recurring Profits or Losses” as items of recurring profits or losses during the reporting period.



## Chapter 3 Management Discussion and Analysis

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

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

Offcn Edu is a leading provider of public employment and re-employment service in China. The Company focuses on providing personalized and specialized employment training services for knowledge-based employment groups such as college students, college graduates and various professionals, and is committed to meeting their needs in employment and vocational skills improvement.

Serving hundreds of millions of knowledge-based people in China, the Company's main business spans three major sectors: public service job recruitment examination training, training for academic improvement examination, and training for vocational qualification and professional ability. The Company provides more than 100 categories of comprehensive employment training services.

After a long period of exploration and accumulation, the Company now has more than 1,000 direct outlets across the country, covering more than 300 prefecture-level cities in depth. The Company currently has about 13,000 employees, including a full-time R&D team of more than 1,000 and a large-scale teacher team of more than 5,000.

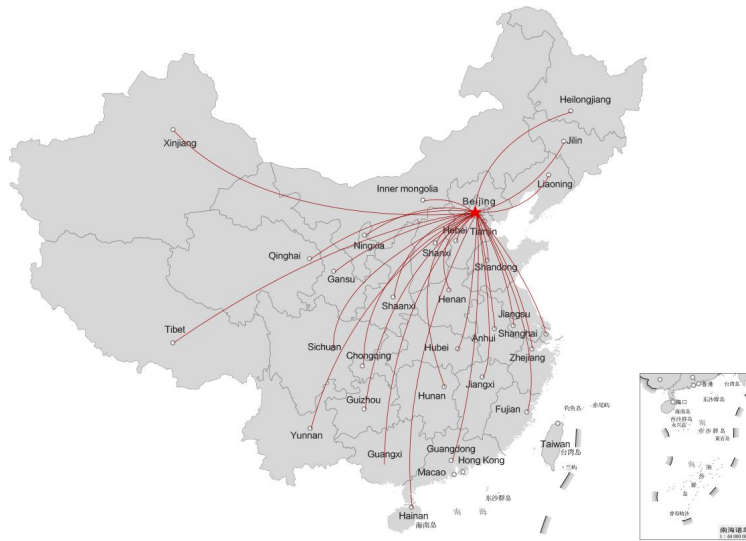
In recent years, the Company has actively expanded its business territory with excellent team execution and vertical integrated fast response capability across the country. The Company has entered the fields of integration of production and education, talent training for rural revitalization, human resources services and etc., aiming to better serve various employment groups and help them to achieve high-quality full employment.

1,035 centralized branches  
in 319 cities of 31 provinces

13,001 employees

5,196 Full-time teachers

1,164 Full-time R&D personnel



## 2. Overview of the industry and business environment

### (1) “Employment” has been raised to an unprecedented strategic height.

Employment is the foundation of people's livelihood. In 2018, the Central Economic Work Conference proposed the policy of “Employment First” for the first time.

In the 2019 government work report, the “Employment First” policy was placed on the macro policy level for the first time, and was listed as one of the three macro-control policies along with fiscal policy and monetary policy. The report also proposed that the pro-employment policies should be fully implemented, and multiple measures should be taken to stabilize and expand employment.

In 2020, the importance of employment was even more prominent characterized by that it was given top priority among other measures to ensure “Stability on the Six Fronts and Security in the Six Areas”. The government work report called for comprehensively strengthening the pro-employment policies, doing everything possible to stabilize and expand employment, and strengthening employment support for key industries and key groups.

In the following two years, the pro-employment policies continued to be strengthened. The 2021 government work report called for facilitating employment of key groups such as college graduates, retired soldiers, and migrant workers, improving the employment assistance policies for the disabled, zero-employment family members and other people with difficulties in finding jobs, promoting the reemployment of the

unemployed, supporting and standardizing the development of new employment forms, etc.

In October 2022, the report of the 20th National Congress of CPC clearly proposed to implement the employment first strategy, strengthen the pro-employment policies, improve the employment promotion mechanism, and facilitate high-quality full employment.

In July 2023, the meeting of the Political Bureau of CPC Central Committee emphasized that the measures to ensure people's livelihood should be enhanced and stabilizing employment should be regarded as one of the national strategies and be considered from every possible angle.

**(2) Employment promotion policies are introduced intensively in many places.**

In April 2023, the General Office of the State Council issued the “Notice on Optimizing and Adjusting Employment Stabilization Policies and Measures and Going All out to Promote Development and Improve People's Livelihood” clearly proposing to expand channels to promote employment and entrepreneurship of young people such as college graduates. The measures include encouraging enterprises to create jobs and encouraging and guiding basic level employment; supporting state-owned enterprises to expand recruitment; stabilizing jobs in government agencies and public institutions, etc. Then in July, provincial or municipal policies and measures to promote employment of young people were introduced in Guangdong, Shanghai, Jiangsu, Anhui, Liaoning, Chongqing, Fujian, Sichuan, Hunan, Yunnan, Hainan, Gansu and other places.

From the perspective of key policy measures, many places have mentioned expanding policy posts and putting more emphasis on basic level employment and employment in state-owned enterprises, government agencies and public institutions. For example, Shaanxi Province issued the “Six Measures to Support the Employment and Start-ups of College Graduates”, expanding the number of policy posts in state-owned enterprises and public institutions to 85,500; Human Resources and Social Security Department of Jiangsu plans to complete the recruitment of 110,000 policy posts by the end of August; while expanding market jobs, Hunan has made every effort to develop and implement policy jobs and has sorted out a total of 149,600 policy jobs.

At the same time, many places also proposed to implement policies such as vocational training subsidies. For example, Shanxi Province proposed to enhance support for skills training, accurately implement order-based and project-based training, and provide multi-tiered subsidies according to occupational types based on the construction of ten major platforms and the need of industrial development; Guangdong specified that we should give full play to skills training to promote employment, make full use of special funds for vocational skills improvement, employment subsidy funds, unemployment insurance funds, enterprise employee education

funds, and etc., and provide training subsidies and other supports in accordance with regulations.

### **(3) Flexible employment fosters diverse training needs.**

In line with the new trend of industrial restructuring, new business forms and new demands have emerged, and new employment forms and new occupations have flourished. This year's "Government Work Report" pointed out that new employment forms and flexible employment have become important ways of increasing employment and income. According to the survey data of the National Bureau of Statistics, in 2021, China had about 200 million people in flexible employment. The emerging new employment forms have become a part of the job market that cannot be underestimated, and have also become an important employment choice especially for the young people.

The new employment form is relatively free from the limit of time and space but that also determines this type of occupation has higher and wider demand for professional knowledge and skills. The rise of this work style has fostered diverse training needs and brought new opportunities to the employment training industry.

### **(4) Trends of the industry's future development**

**①The continuous growth of the number of college graduates is an important indicator of the employment situation.**

Generally speaking, a faster growing economy can bring a higher employment level. In recent years, economic growth has slowed down, but the number of college graduates has continued to grow, reaching 11.58 million this year, setting a new historical record.

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

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

**②The serious shortage of high-quality supply is the main contradiction that restricts the development of the vocational education industry.**

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

**③The urbanization wave will promote the continuous improvement of public service and the number of employees of the public service sector will continue to expand.**

The process of urbanization is a key driver of the long-term impact on China's employment market growth. At present, the urbanization rate has exceeded 60%. Urbanization will expand the public financial expenditure and the number of employees in the public service sector. China's urbanization rate remains in a high-speed growth range of 30% to 70%. It is likely to continue to develop for nearly 20 years to achieve an urbanization rate of more than 80% in developed countries. Meanwhile, continuous urbanization may also lead to more seriously inadequate public service supply in cities, which will also impose higher requirements on the quality of public services.

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

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

### **3. Main performance driving factors**

In the first half of 2023, the domestic economy as a whole showed a recovery trend, but it still faced

constraints such as insufficient demand and structural contradictions intertwined with cyclical problems. There is still a lot of room for improvement in residents' consumption power and willingness. In the face of market uncertainty, the Company responded to market changes with a prudent and steady strategy, shifted from scale to efficiency, focused on profit collection, actively adjusted product structure, strengthened refined management, and reshaped the organizational structure to bring the Company's operation back to normal track, thus achieving positive profit growth in the first half of the year. During the reporting period, the Company realized a total operating revenue of RMB 1.728 billion and a net profit attributable to shareholders of the listed company of RMB 81.9817 million, an increase of 109.20% over the same period of the previous year. Net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses was RMB 83.1926 million, an increase of 109.21% over the same period of the previous year.

(1) Optimize cost structure and improve operational efficiency. In the first half of the year, the Company actively adjusted staff allocation, optimized business layout and adhered to lean resource planning and cost control, by which it achieved good results. During the reporting period, the Company's operating costs decreased by 52.97% year-on-year, and sales expenses decreased by nearly 50% year-on-year. The gross margin in the first half of the year was 56.20%, an increase of 28.5 percentage points compared with the same period of last year. The gross margin in the second quarter increased by 7.33 percentage points compared with the first quarter.

(2) Technology empowers business development and Artificial Intelligence & Education Research Institute is established. At present, artificial intelligence technology has penetrated into all walks of life and vertical fields such as vocational ability improvement and training have also become the major fields where AI can be applied. In order to promote the transformation and innovation of the Company's business, during the reporting period, the Company established Artificial Intelligence&Education Research Institute to gradually explore the application and innovation of technologies such as digital humans and generative large language models in the vertical field of employment services and facilitate the improvement of resource efficiency.

In the next stage, with the stabilization and recovery of the domestic economy and the gradual improvement of consumption expectations, the Company will also seize the opportunity to further strengthen the employment service training of various sequences, accelerate the development of new businesses, and continue to fix the problems in operation and management in order to make the Company's performance achieve gradual recovery and stability.

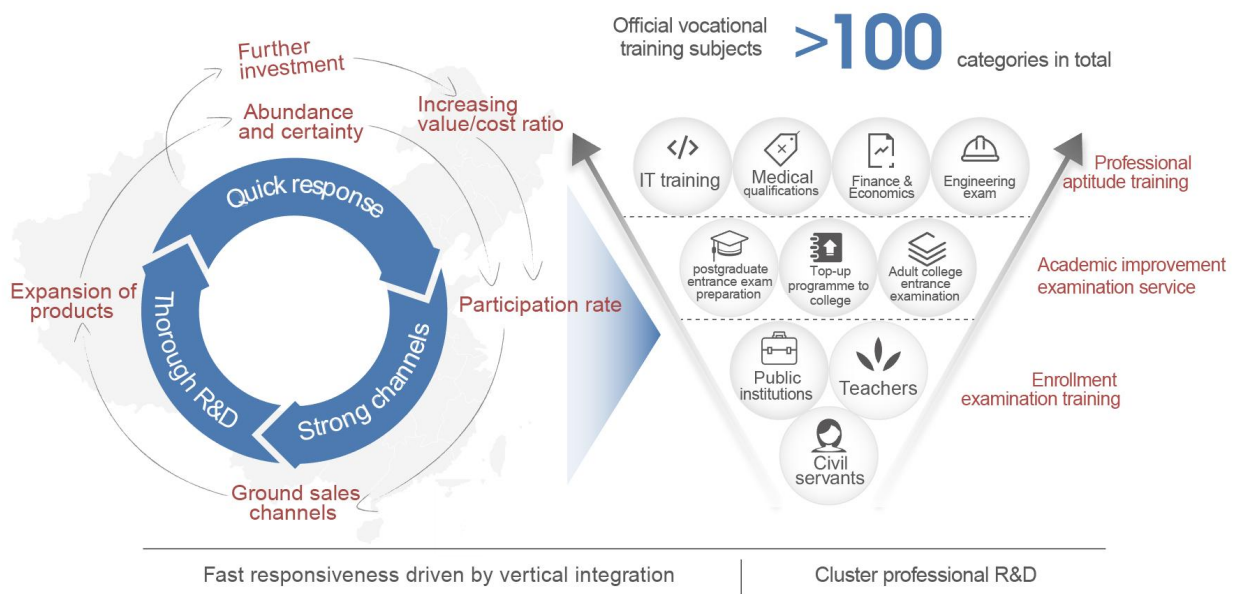
The key operating resources and performance indicators during the reporting period are shown in the table

below:

Item	Indicators	At the end of the reporting period	At the end of last year	Increase/decrease at the end of the reporting period from the end of last year
Operating resources	Directly-operated branches	1,035	1,113	-7.01%
	Employees	13,001	22,652	-42.61%
	R&D personnel	1,164	1,694	-31.29%
	Teachers	5,196	9,024	-42.42%
Item	Indicators	The current reporting period	The same period of last year	Increase/decrease in the current reporting period from the same period of last year
Business and profits	Revenue of face-to-face training (RMB)	1,066,647,924.53	1,368,356,235.83	-22.05%
	Revenue of online training (RMB)	642,971,432.11	848,295,633.45	-24.20%
	Number of training participants	1,417,079	1,841,785	-23.06%
	Operating income (RMB)	1,728,338,446.75	2,226,704,962.11	-22.38%
	Net profits attributable to shareholders of the listed Company(RMB)	81,981,744.79	-890,931,710.33	109.20%

## Section II. Analysis of the Company's core competitiveness

The Company's core competitiveness lies in the formation of an enterprise platform driven by the capability of vertical integrated fast response. The key driving factors are as follows:



### **1. Clustered professional R&D 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 1,000 people has formed. With the expansion of categories and the involvement of different sectors, the Company's professional R&D not only achieves the continuous division of labor under the scale effect, but also continuously creates R&D cluster effect of continuous collaboration between categories, which greatly improves the efficiency of R&D, especially the graft efficiency of stock R&D resources for new categories and new businesses.

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

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

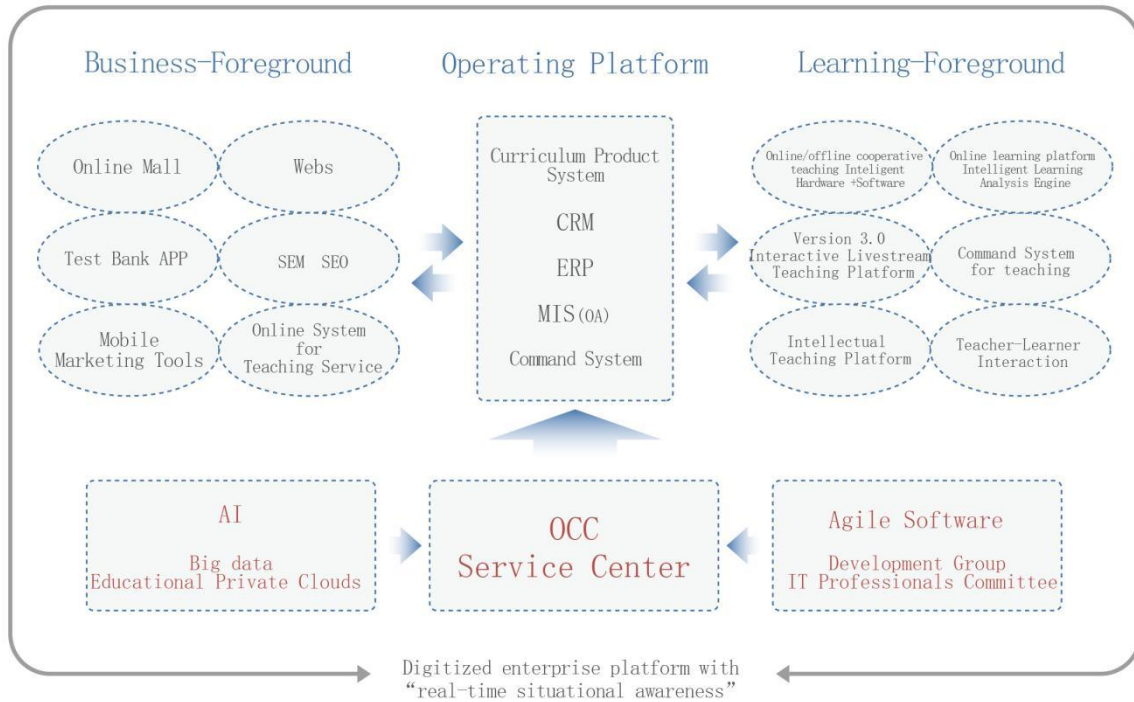
Vertical integrated corporate structure can not only realize the high efficiency of operation, but also be effectively compatible with the management impact brought by rapid business category expansion. So investment in and innovation on this corporate structure has always been a central part of the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

### **3. Digital operation forms the enterprise platform with “real-time situational awareness”.**

The team's exploration for digital operation has lasted for more than 15 years, and in recent years, the investment scale for digital operation infrastructure has increased significantly. One reason is to meet the management needs for rapid expansion of categories. The other reason lies in the great adaptability of 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 enhanced the Company’s core competitiveness based on speed economy.



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

As a knowledgeable staff-intensive training institution for employment service, 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.

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

From the establishment of the Party committee in 2018 to the establishment of the first Party school of non-public-owned enterprise in 2019, the Party committee of Offcn Edu fully utilizes 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 trainees. Meanwhile, Offcn Edu focuses on the integration of the Party building of non-public enterprises with corporate culture construction to promote the healthy and vigorous development of the enterprise.

As of June 30, 2023, the Company has around 3,000 Party members, accounting for over one fifth of the total number of employees.

### Section III. Core business analysis

#### Overview

Refer to “Section I. The Company’s main business during the reporting period”.

#### Year-on-year changes of major financial data

Unit: RMB

	Current reporting period	Same period of last year	Year-on-year increase or decrease	Reasons for changes
Operating income	1,728,338,446.75	2,226,704,962.11	-22.38%	Mainly due to the Company’s product structure adjustment and lower money collection than expected.
Operating cost	757,031,789.68	1,609,828,642.68	-52.97%	Mainly due to the Company’s measures such as comprehensive adjustment of product structure, cost reduction and efficiency increase, and accelerated integration of online and offline courses, so that the Company’s operating costs are well controlled, personnel are optimized, and labor expenses are reduced accordingly.
Sales expenses	351,925,858.15	701,766,026.73	-49.85%	Mainly due to the Company’s cost reduction and efficiency increase resulting in reduction on market operating expenses, optimizing on sales personnel and reduction on labor cost.
Management expenses	265,963,797.73	472,072,638.67	-43.66%	Mainly due to the Company’s cost reduction and efficiency increase resulting in reduction on management cost, optimizing management personnel and reduction on labor cost.
Financial expenses	68,104,606.22	142,651,288.82	-52.26%	Mainly due to the fact that there is no bank loan interest and the decrease of financial institution handling fee in this period.
Income tax	32,253,744.80	-140,436,954.64	122.97%	Mainly due to the achieving of profit in this period and the accrual of corporate income tax.
R&D investment	148,591,052.63	327,590,103.90	-54.64%	Mainly due to the Company’s cost reduction and efficiency increase resulting in reduction on R&D cost, optimizing R&D personnel and reduction on labor cost.
Net cash flow from operating activities	-528,812,182.67	1,032,982,411.32	-151.19%	Mainly due to the Company’s product structure adjustment, great reduction in the proportion of high refund courses and transformation to the model which has a higher proportion of paid courses, resulting in decrease in cash received from selling goods and services.

Net cash flows from investing activities	-129,589.59	310,394,650.18	-100.04%	Mainly due to the decrease in short-term financial purchases and the corresponding decrease in financial redemption in this period.
Net cash flow from financing activities	899,815,433.46	-2,187,990,182.13	141.13%	Mainly due to the increase in shareholders' borrowings in this period and the repayment of short-term borrowings in the previous period.
Net increase in cash and cash equivalents	370,873,661.20	-844,613,120.63	143.91%	Mainly due to the increase in shareholders' borrowings in this period and the repayment of short-term borrowings in the previous period.

Significant changes of the components or origin of profits during the reporting period:

Applicable  Not applicable

The Company's components or origin of profits did not change significantly during the reporting period.

Composition of revenue

Unit: RMB

	This reporting period		Same period of last year		Year-on-year increase or decrease
	Amount	Proportion of revenue	Amount	Proportion of revenue	
Revenue	1,728,338,446.75	100%	2,226,704,962.11	100%	-22.38%
Sectors					
Educational training	1,709,619,356.64	98.92%	2,216,651,869.28	99.55%	-22.87%
Others	18,719,090.11	1.08%	10,053,092.83	0.45%	86.20%
Categories of product					
Training for civil servant test	617,832,944.99	35.75%	717,894,206.69	32.24%	-13.94%
Training for public institution test	306,308,877.59	17.72%	435,320,029.01	19.55%	-29.64%
Training for teachers' recruitment and qualification test	251,447,869.74	14.55%	386,910,102.75	17.38%	-35.01%
Training for other public services test and new businesses	534,029,664.32	30.90%	676,527,530.83	30.38%	-21.06%
Others	18,719,090.11	1.08%	10,053,092.83	0.45%	86.20%
Regions					
Northeast China	212,497,204.51	12.29%	271,813,047.98	12.21%	-21.82%
North China	315,051,082.57	18.23%	373,570,051.82	16.78%	-15.66%
East China	414,425,902.18	23.98%	525,698,968.29	23.61%	-21.17%
Middle China	249,247,367.07	14.42%	308,986,718.36	13.88%	-19.33%
South China	145,880,294.75	8.44%	231,424,869.62	10.39%	-36.96%
Southwest China	192,477,413.09	11.14%	268,491,448.80	12.06%	-28.31%
Northwest China	180,040,092.47	10.42%	236,666,764.41	10.63%	-23.93%
Others	18,719,090.11	1.08%	10,053,092.83	0.45%	86.20%

Particulars of sectors, products or regions that account for more than 10% of the revenue or operating income

Applicable  Not applicable

#### Section IV. Non-core business analysis

Applicable  Not applicable

Unit: RMB

	Amount	Proportion of total profits	Reasons	Sustainable or Not
Investment income	1,656,274.80	1.45%	Mainly due to investment dividends	Uncertain
Non-operating expenses	314,728.01	0.28%	Formed in operation	Uncertain

#### Section V. Analysis of assets and liabilities

##### 1. Major changes in asset composition

Unit: RMB

	End of the reporting period		End of last year		Increase or decrease in proportion	Explanations on major changes
	Amount	Proportion of total assets	Amount	Proportion of total assets		
Monetary fund	756,004,299.74	9.27%	385,328,555.74	4.80%	4.47%	Mainly due to the increase in shareholders' borrowings in this period.
Accounts receivable	37,615,251.32	0.46%	37,323,682.88	0.46%	0.00%	No major changes in the current period.
Investment properties	33,110,964.73	0.41%	450,260.54	0.01%	0.40%	No major changes in the current period.
Long-term equity investment	46,829,958.32	0.57%	46,835,952.63	0.58%	-0.01%	No major changes in the current period.
Fixed assets	1,883,437,001.67	23.10%	1,970,536,339.75	24.55%	-1.45%	No major changes in the current period.
Construction in progress	326,144,606.54	4.00%	323,273,645.99	4.03%	-0.03%	No major changes in the current period.
Right-of-use asset	889,367,057.48	10.91%	1,112,202,447.58	13.86%	-2.95%	No major changes in the current period.
Short-term borrowings	40,000,000.00	0.49%	0.00	0.00%	0.49%	No major changes in the current period.
Contract liabilities	3,372,173,981.81	41.35%	3,949,799,538.71	49.20%	-7.85%	Mainly due to the Company's product structure adjustment, great reduction in the proportion of high refund courses and transformation to the model which has a higher proportion of paid courses, resulting in decrease in receipts.

Lease liabilities	501,240,102.13	6.15%	508,752,253.77	6.34%	-0.19%	No major changes in the current period.
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## 2. Key overseas assets

Applicable  Not applicable

## 3. Assets and liabilities measured at fair value

Applicable  Not applicable

Unit: RMB

Items	Opening Balance	Profits and losses from the changes in fair value in current period	Accumulated changes in fair value attributed to equity	Provision for impairment in current period	Amount of purchase in the current period	Amount of sales in the current period	Other Changes	Closing Balance
Financial assets								
1. Transactional financial assets (excluding derivative financial assets)	0.00				21,400,000.00	20,400,000.00		1,000,000.00
4. Investment in other equity instruments	121,300,000.00							121,300,000.00
5. Other non-current financial assets	27,680,000.00							27,680,000.00
Subtotal of financial assets	148,980,000.00				21,400,000.00	20,400,000.00		149,980,000.00
Total	148,980,000.00				21,400,000.00	20,400,000.00		149,980,000.00
Financial liabilities	0.00							0.00

### Others changes

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

Yes  No

## 4. Assets with restricted rights as of the end of the reporting period

Items	Book value at the end of the period	Reasons for restriction
Monetary fund	4,244,739.17	Security deposit, dormant account/without reconciliation, judicial freeze and so on
Total	4,244,739.17	

## Section VI. 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 (RMB)	Variation
24,276,460.55	131,108,166.24	-81.48%

## 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

## 4. 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.

## 5. Use of raised fund

Applicable  Not applicable

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

## Section VII. 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 VIII. Analysis of major holding and participating companies

Applicable  Not applicable

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

Unit: RMB

Company name	Beijing Offcn Education Technology Co., Ltd.
Company	Subsidiary

type	
Major business	Educational technology consulting, technology development, technical services, technology promotion, technology transfer; educational consulting; cultural consulting; corporate management consulting; corporate investment consulting; computer technology training (not for national admissions); public relations services; hosting exhibition activities; organizing cultural and artistic exchange activities (excluding performances); conference services; design, production, agency, release of advertisements; job intermediary activities; radio and television program production; human resource services; engaging in Internet cultural activities; publication retails; operating telecommunication business; publication wholesale. (Market entities independently choose operating projects and carry out operating activities in accordance with the law; job intermediary activities, radio and television program production, human resource services, engaging in Internet cultural activities, publication retail, telecommunications business, publication wholesale and projects subject to approval in accordance with the law, and after approval by relevant departments, carry out operating activities in accordance with the approved content; shall not engage in operating activities that are prohibited or restricted by the state and this city's industrial policies.)
Registered capital	90,000,000.00
Total assets	7,236,575,884.92
Net assets	63,769,309.61
Revenue	1,726,910,668.64
Operating income	149,488,542.78
Net profit	116,927,118.43

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	Impact on the overall business operation and performance
Tianjin Wuqing Offcn Leqing Training School Co. Ltd.	New establishment	No major impact

Major holding and participating companies:

The wholly-owned subsidiary of the Company, Beijing Offcn Education Technology Co., Ltd, earned revenue of RMB 1.7269107 billion in the first half of 2023 with a decrease of 22.43% over the first half of 2022; the net profits of Beijing Offcn Education Technology Co., Ltd in the the first half of 2023 is RMB 116.9271 million, with an increase of 114.07% over the same period of last year. The main reasons for the changes in the above indicators are: in regards of industry, while the total market demand is still gradually recovering, competitors are increasing, which results in the decline of the Company's revenue; at the company level, since Q4 last year, the Company has actively adjusted product structure, enhanced refined management, reshaped organizational structure, optimized channel outlets, endeavored to transform from pursuing large scale to pursuing big profit and channeled all resources into improving profitability, by which the Company have achieved certain results and obtained profits.

## Section IX. Structured entities controlled by the Company

Applicable  Not applicable

## Section X. Possible risks and responses

### 1. Industry policy risks

The prosperity of the vocational education industry has a high correlation with the policy environment, and is easily affected by the 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, it will take time for the corresponding supporting laws and regulations to be fully implemented, and there will still be uncertainties in the future. If there are major changes or adjustments in relevant laws and regulations or industrial policies in the future, it may exert an impact on the development trend of vocational education industry, thus influencing the Company's future business and performance. In addition, the Company has a large number of branches and training venues are widely distributed. It cannot be ruled out that in the future, relevant regulatory departments of provinces, autonomous regions and municipalities may issue more stringent regulations for the local education and training industry, which may affect the Company's operations in the region.

Responses: Each branch of the Company has established a tracking research policy team to conduct in-depth analysis of the policies. The Company's profound accumulated strength in IT independent development and the effective digital transformation of operations simultaneously ensure the high efficiency of information feedback. It is possible to obtain, perceive and predict the direction and trend of relevant policy changes in various places in time, make layout and adjust in advance, avoid relevant policy risks, and ensure the operation is in accordance with law. At the same time, based on the R&D capabilities and channel advantages accumulated by the Company over the years, the Company actively expanded new categories, sought new business growth points in order to form a diversified product matrix and strengthen the Company's sustainable operation capabilities.

### 2. Market risk

The vocational education industry is encouraged by national policies, which will inevitably bring more and more capital into the vocational education and training industry, leading to increasingly fierce market competition, and the Company may face the impact from new competitors. At the same time, affected by the macroeconomic environment, the training industry experienced cyclical fluctuations, shrinking demand, and



trainees' weakening willingness to participate in training. The industry showed signs of overall contraction, which posed a test for the Company's operating environment. Therefore, in the long run, the resilience of market demand is strong, but it cannot be ruled out that in the short term, it may decline due to various factors, which will affect the enthusiasm of candidates and lead to a decline in market demand.

Responses: The Company will continue to maintain effective R&D investment. By investing in technology infrastructure and technical teams, the productivity of science and technology will be fully integrated into the operating system to boost business innovation and improve the quality of products and services. The Company will optimize product structure in a timely manner, and focus on the needs of the market and students. The Company will polish curriculum product quality and innovate service mode to improve operating efficiency; and at the same time, according to the Company's operating conditions, the Company will seek the balance in products, personnel, and channels, strengthen cost control, and consolidate the company's ability to resist market risks.

### **3. Operational management risk**

Facing market uncertainty, the Company responded to market changes with a prudent and steady strategy, actively adjusted product structure, enhanced delicacy management, and reshaped the organizational structure. This also brings certain risks and challenges to the stability of the Company's core management team, which may have an adverse impact on the Company's stable development.

Responses: The Company continues to optimize the management system of vertical integration and fast response, with rapid resource allocation capabilities and information feedback mechanisms, which can bring a larger management radius, higher delivery efficiency, enhance the work collaboration level of a large number of employees, and improve management and operation efficiency. At the same time, the Company will further improve the employment mechanism, establish diversified incentive channels, and reduce the risk of losing the core management team.

## Chapter 4 Corporate Governance

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

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

Session	Type	Investor Participation	Convening date	Disclosure date	Disclosure index
2022 General Meeting	Annual General Meeting	32.92%	June 26, 2023	June 27, 2023	For details, refer to the <i>Announcement on Resolutions of Annual General Meeting of 2022</i> (No. 2023-056) disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> .

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

Applicable  Not applicable

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

Applicable  Not applicable

The Company's directors, supervisors and senior management personnel did not have changes during the reporting period. For details, please refer to the 2022 annual report.

### Section III. The Company's common stock profit distribution and capitalization of capital reserve during the reporting period

Applicable  Not applicable

The Company plans not to distribute cash dividends, bonus shares, or to increase share capital by converting capital reserve in the first half of the year.

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

Applicable  Not applicable

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

## Chapter 5 Environmental and Social Responsibilities

### Section I. Environmental protection

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

Yes  No

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

Refer to other environmental information disclosed by key pollutant discharge units

Not applicable

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

Applicable  Not applicable

Reasons for not disclosing other environmental information

Not applicable

### Section II. Social Responsibilities

The Company has not carried out targeted poverty alleviation and other work in the first half of the year.

## Chapter 6 Significant Events

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

Applicable Not applicable

Commitments made by the Company involved in the assets restructuring are as follows:

Commitment party	Commitment type	Contents of commitment	Commitment time	Commitment period	Performance
Li Yongxin  Lu Zhongfang  Wang Zhendong  Offcn Partnership	Letter of commitment on maintaining independence of the listed Company	<p>I. Guarantee the independence of the listed Company's personnel.</p> <p>1. It is guaranteed that after the completion of this transaction, the labor, the personnel, and remuneration management of the listed Company shall be completely independent from myself/Offcn Partnership, and from other related parties, such as companies, enterprises or economic organizations, controlled by myself/Offcn Partnership.</p> <p>2. It is guaranteed that after the completion of this transaction, senior executives shall work as full-time employees and receive remuneration in the listed Company. They shall not hold any positions other than directors or supervisors in other companies, enterprises, or economic organizations controlled by myself/Offcn Partnership.</p> <p>3. It is guaranteed that after the completion of this transaction, the official powers of the shareholders' meeting and board of directors on personnel appointments and dismissals in the listed Company shall not be interfered.</p> <p>II. Guarantee the independence of institutes of the listed Company.</p> <p>1. It is guaranteed that after the completion of this transaction, the listed Company shall build a sound structure of corporate governance and develop an independent and complete organizational structure.</p> <p>2. It is guaranteed that after the completion of this transaction, the general meeting of shareholders, the board of directors, and the board of supervisors shall independently exercise their powers in accordance with laws, regulations and the Company's <i>Articles of Corporation</i>.</p> <p>III. Guarantee the independence and completeness of the assets of the listed Company.</p> <p>1. It is guaranteed that after the completion of this transaction, the listed Company shall have independent and complete assets related to production and operation.</p> <p>2. It is guaranteed that after the completion of this transaction, the business premises of the listed Company shall be independent from myself/Offcn Partnership, and other related parties, such as companies, enterprises, or other economic organizations controlled by myself/Offcn Partnership.</p> <p>3. It is guaranteed that after the completion of this transaction, except for normal business dealings, there shall be no capital and assets of the listed Company occupied by myself/Offcn Partnership, and other related parties, such as companies, enterprises or economic organizations, controlled by myself/Offcn Partnership.</p>	Apr. 27, 2018	Long-term	Under normal implementation

		<p>IV. Guarantee the independence of the listed Company ' s business.</p> <p>1. It is guaranteed that after the completion of this transaction, the listed Company shall have the qualifications of independently conducting business activities and the capabilities of running market-oriented, independent, autonomous and sustainable business.</p> <p>2. It is guaranteed that after the completion of this transaction, I/Offcn Partnership, and other related parties, such as companies, enterprises, or other economic organizations controlled by myself/Offcn Partnership shall avoid engaging in the businesses which have a competitive relationship with the listed Company and its subsidiaries.</p> <p>3. It is guaranteed that after the completion of this transaction, I/Offcn Partnership, and related parties, such as companies, enterprises, or other economic organizations controlled by myself/Offcn Partnership shall reduce related-party transactions with the listed Company and its subsidiaries. Related-party transactions that are really necessary and unavoidable shall be conducted in a market-oriented and fairly way and perform relevant approval processes and information disclosure obligations in accordance with relevant laws, regulations and regulatory documents.</p> <p>V. Guarantee the financial independence of the listed Company.</p> <p>1. It is guaranteed that after the completion of this transaction, the listed Company shall establish an independent financial department with independent financial accounting systems and standardized and independent financial accounting rules.</p> <p>2. It is guaranteed that after the completion of this transaction, the listed Company shall open bank accounts independently and shall not share bank accounts with myself/Offcn Partnership/other related parties, such as companies, enterprises or other economic organizations controlled by myself/Offcn Partnership.</p> <p>3. It is guaranteed that after the completion of this transaction, financial personnel hired by the listed Company shall not hold any part-time positions in other related parties, such as companies, enterprises or other economic organizations controlled by myself/Offcn Partnership</p> <p>4. It is guaranteed that after the completion of this transaction, the listed Company can make financial decisions independently. I/Offcn Partnership shall not interfere with the use of funds by the listed Company.</p> <p>5. It is guaranteed that after the completion of this transaction, the listed Company will pay taxes independently according to laws.</p> <p>I/Offcn Partnership shall be liable for all losses caused to the listed Company and its subsidiaries due to my/Offcn Partnership's failure in fulfilling the above commitments.</p>			
Li Yongxin, Lu Zhongfang	Letter of Commitment on avoiding horizontal competition	<p>I. As of the date of signing this letter of commitment, 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 Xu Hua 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</p>	Sept. 20, 2018	1. The transfer of Kairuier Training School in Haidian District of Beijing: within 24 months from the date of signing this letter	As of the end of the reporting period, Kairuier Training School in Haidian District of Beijing

	<p>enterprises, which conduct competitive businesses with the listed Company, Offcn Ltd. and their affiliates. I also do not directly or indirectly hold any equity or shares of companies or enterprises conducting the same, similar or related businesses engaged by the listed Company, Offcn Ltd. and its affiliates.</p> <p>II. As of the date of signing this letter of commitment, Offcn Online and its two subordinate training schools' disposals are as follow: Offcn Online conducts no education businesses (to be deregistered after subordinate schools being transferred). Kairuier Training School subordinate to Offcn Online in Haidian District of Beijing is to be transferred to an unrelated third party and the organizer's equity transfer agreement has been signed. If the transfer is not completed within 24 months since the date of signing this letter of commitment, I will urge Offcn Online to deregister the Kairuier Training School in Haidian District of Beijing. Kunming Wuhua Offcn Training School, subordinate to Offcn Online, has been closed and it will be transferred to an unrelated third party or will be deregistered within 12 months after the revised <i>Regulations for the Implementation of the Law on the Promotion of Private Education of the People's Republic of China</i> (hereinafter referred to as <i>Regulations of Implementation</i>) is officially promulgated and implemented and supporting regulations formulated by relevant local education authorities in accordance with the revised <i>Regulations of Implementation</i> comes into effect.</p> <p>III. As of the date of signing this letter of commitment, Offcn Ltd. as the organizer, intends to transfer its 100% of the organizer's rights and interests of 33 private schools for non-academic qualifications to Li Yongxin and signed the <i>Agreement on Transfer of Organizer's Rights of Private Non-enterprise Schools Affiliated to Beijing Offcn Education Technology Co., Ltd.</i>. Li Yongxin is willing to entrust the transferred 33 private schools for non-academic qualifications to Offcn Ltd. and signed the <i>Trusteeship Agreement of Private Non-enterprise Schools</i>.</p> <p>IV. After the completion of this transaction, except for the above-mentioned cases, I promise that during the time of being the actual controller of the listed Company, I, my close relatives and other related parties, such as companies, enterprises or other economic organizations, controlled by myself 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> <ol style="list-style-type: none"> <li>1. I will not directly or indirectly engage in, 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.</li> <li>2. I will not directly or indirectly invest in any economic entities whose businesses constitute a direct or indirect competitive relationship with the listed Company.</li> <li>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.</li> <li>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</li> </ol>		<p>of commitment</p> <p>2. The transfer of Kunming Wuhua Offcn Training School subordinate to Offcn Online: within 12 months after the revised <i>Regulations of Implementation</i> is officially promulgated and implemented and supporting regulations formulated by relevant local education authorities in accordance with the revised <i>Regulations of Implementation</i> comes into effect.</p>	<p>had been transferred to an unrelated third party. Other commitments are under normal implementation.</p>
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		<p>or employment relationship with the Company and its affiliates.</p> <p>5. I will not urge others to hire employees or management personnel from the listed Company and its affiliates.</p> <p>V. I promise that if I, my close relatives and other related parties, such as companies, enterprises or other economic organizations controlled by myself and my close relatives obtain any business opportunities from any third party, which can or may compete with the listed Company and its affiliates in the future, I will notify the listed Company and its affiliates in writing within 5 working days. After obtaining the third party's permission, I will attempt to transfer these business opportunities to the listed Company and its affiliates.</p> <p>VI. I guarantee that I will never use my knowledge and the information about the listed Company and its affiliates to assist third parties to engage in, participate in, or invest in businesses or projects that compete with the listed companies and its affiliates.</p> <p>VII. 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 written notice from the listed Company, compensation will be made in cash.</p> <p>VIII. I will disclose relevant information in a timely manner if commitments fail to be fulfilled or fail 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 commitments are anyhow unable to be fulfilled or fulfilling the commitments is not conducive to safeguarding the rights and interests of the listed Company, I should fully disclose the reasons and either provide new commitments to the listed Company and related investors to replace the original ones, or propose an exemption from fulfilling the commitments.</p> <p>IX. The commitment is valid from the date when the letter of commitment is signed to the time when I cease to be the actual controller of the listed Company.</p>			
Wang Zhendong, Offcn Partnership	Letter of Commitment on avoiding horizontal competition	<p>I. As of the date of signing this letter of commitment, I, my close relatives, related parties, such as companies, enterprises or other economic organizations controlled by myself and my close relatives, Offcn Partnership and related parties, such as other enterprises or economic organizations controlled by Offcn Partnership, participate in no businesses which are same, similar to or related to businesses competing with the listed Company, Offcn Ltd. and their affiliated companies and schools. Except for serving as a director at Kairuier Training School in Haidian District of Beijing, affiliated to Offcn Online (Offcn Online tends to transfer the rights and interests of Kairuier Training School in Haidian District of Beijing to an unrelated third party and after this transfer, Wang Zhendong will not hold the post as a director), I neither hold any full-time or part-time positions nor provide consultancy at any companies or enterprises which conduct competitive businesses with the listed Company, Offcn Ltd. and their affiliates. I/Offcn Partnership do not directly or indirectly hold any equity or shares of companies or enterprises conducting the same, similar or related businesses engaged by the listed Company, Offcn Ltd. and its affiliates.</p>	Apr. 27, 2018	Long-term	Under normal implementation

		<p>II. After the completion of this 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> <ol style="list-style-type: none"> <li>1. I/Offcn Partnership will not directly or indirectly engage in, 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.</li> <li>2. I/Offcn Partnership will not directly or indirectly invest in any economic entities whose businesses constitute a direct or indirect competitive relationship with the listed Company and its affiliates.</li> <li>3. I/Offcn Partnership 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.</li> <li>4. I/Offcn Partnership will not instigate, mislead, encourage or otherwise induce, persuade, or coerce the employees or management personnel in the listed Company and its affiliates to terminate their labor or employment relationship with the Company and its affiliates.</li> <li>5. I/Offcn Partnership will not urge others to hire employees or management personnel from the listed Company and its affiliates.</li> </ol> <p>III. 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 permission, I/Offcn Partnership will attempt to transfer these business opportunities to the listed Company and its affiliates.</p> <p>IV. I/Offcn Partnership guarantee that I/Offcn Partnership will never use my knowledge and the information about the listed Company and its affiliates to assist third parties to engage in, participate in, or invest in businesses or projects that compete with the listed Company and its affiliates. I/Offcn Partnership shall be liable for all losses caused to the listed Company and its affiliates due to my/Offcn Partnership's failure in fulfilling the above commitments.</p>			
Li Yongxin, Lu Zhongfang	Letter of Commitment on reducing and regulating related-party transactions	1. After the transaction is completed, during the period of being the actual controller of the listed Company, I, my close relatives and other companies, enterprises or other economic organizations controlled by myself and my close relatives, shall 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.	July 27, 2018	Long-term	Under normal implementation



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

		<p>followed. The status of shareholders shall not be used to damage the legitimate rights and interests of the listed Company and other shareholders.</p> <p>3. After the completion of this transaction, I/Aerospace Industry/Offcn Partnership will not use the shareholders' rights of the listed Company to manipulate or instruct the listed Company or its directors, supervisors and senior executives to make the listed Company provide or accept funds, commodities, services or other assets under unequal conditions or engage in any behaviors that would damage the interests of the listed Company.</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 the above commitments.</p>			
Whether the commitments are fulfilled on time	Yes				

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

Applicable  Not applicable

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

## Section III. Illegal provision of guarantees for external parties

Applicable  Not applicable

During the reporting period, there was no illegal provision of guarantees for external parties.

## Section IV. Appointment and dismissal of the CPA firm

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 of bankruptcy and reorganization of the Company during the reporting period.

## Section VIII. Litigation and arbitration matters

Major litigation and arbitration matters

Applicable  Not applicable

There is no such situation of major litigation and arbitration of the Company during the reporting period.

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

1. During the reporting period, the actual amount of judgments in effective legal documents was RMB 9.5215 million. The results of the litigation had no significant impact on the Company's operations.
2. At the end of the reporting period, the amount of litigation involved in unsettled cases was RMB 54.3584 million and the amount of litigation involved in pending cases accounted for 6.97% of the audited net assets attributable to shareholders of the listed Company at the end of 2022, which had no significant impact on the Company's operations.

Other litigation matters

Applicable  Not applicable

## Section IX. Punishment and rectification

Applicable  Not applicable

## Section X. Integrity of the Company and its controlling shareholders and actual controllers

Applicable  Not applicable

## Section XI. Significant related-party transactions

### 1. Related-party transactions relevant to daily operations

Applicable  Not applicable

There was no connected transaction related to daily operation during the reporting period of the Company.

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

Applicable  Not applicable

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

### 3. Related-party transactions of joint foreign investments

Applicable  Not applicable

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

### 4. Related credit and debt transactions

Applicable  Not applicable

Whether there are non-operating related creditor rights and debts

Yes No

#### Creditor's receivable from related parties

Related party	Relation	Reasons	Whether there is non-operating capital occupation	Balance at the beginning of this period (RMB10,000)	New amount in this period (RMB10,000)	Amount recovered in this period (RMB10,000)	Interest rate	Interest in this period (RMB10,000)	Balance at the end of this period (RMB10,000)

#### Liabilities payable to related parties

Related party	Relation	Reasons	Balance at the beginning of this period (RMB 10 thousand yuan)	New amount in this period (RMB 10 thousand yuan)	Amount repaid in this period (RMB 10 thousand yuan)	Interest rate	Interest in this period (RMB 10 thousand yuan)	Balance at the end of this period (RMB 10 thousand yuan)
Lu Zhongfang	Person acting in concert with the actual controller	Shareholder loan	95,924	99,700		0.00%	0	195,624
Impact of related debts on the Company's operating results and financial status		Enhance the company's liquidity						

#### 5. Transactions with related financial companies

Applicable Not applicable

There is no deposits, loans, credits or other financial business between the Company and the related financial companies and related parties.

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

Applicable Not applicable

There is no deposits, loans, credits or other financial business between financial companies controlled by the Company and related parties.

#### 7. Other significant related-party transactions

Applicable Not applicable

There are no other significant related-party transactions of the Company during the reporting period.

### Section XII. Major contracts and their performance

#### 1. Trusteeship, contracting and leasing matters

##### (1) Trusteeship situation

Applicable Not applicable

Explanations on trusteeship situation

On September 20, 2018, Offcn Ltd. and Li Yongxin signed the *Agreement on Transfer of Organizer's Rights of Private Non-enterprise Schools Affiliated to Beijing Offcn Education Technology Co., Ltd.*. All 100% of the organizer's rights and interests for non-academic qualifications schools as of September 20, 2018 were to be transferred to Li Yongxin. On the same day, Li Yongxin and Offcn Ltd. signed the *Trusteeship Agreement of Private Non-enterprise Schools* stipulating that Li Yongxin would entrust the transferred private 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 and interests 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 organizer's rights and interests to the unrelated third party or canceled them.)

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

Applicable Not applicable

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

## (2) Contracting situation

Applicable Not applicable

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

## (3) Leasing situation

Applicable Not applicable

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

## 2. Major guarantee

Applicable Not applicable

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

## 3. Explanations on entrusted financial management

Applicable Not applicable

Unit: RMB 10 thousand yuan

Types	Sources of entrusted	Amount of entrusted	Undue	Overdue amount	Impairment provision of
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	financing	financing	Balance	yet to be recovered	overdue outstanding funds
Bank financial product	Self-owned fund	2,000	100	0	0
<b>Total</b>		<b>2,000</b>	<b>100</b>	<b>0</b>	<b>0</b>

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

Applicable Not applicable

Name of the contracting company	Name of contracting party	Contract subject	Date of contract signing	Name of evaluation agency	Pricing principle	Price of trading (RMB 10 thousands)	Whether related-party transaction	Relation of connection	Performance as of the end of the reporting period	Date of disclosure	Index of disclosure
Beijing Offcn Education Technology Co., Ltd.	Beijing Jingchen Runye Technology Development Co., Ltd.	Lease of Building A, No. 1 of Building B, No. 18, 19, 21 of Building A, in East Courtyard of Daokou Village, Wangsiying Township, Chaoyang District, Beijing	Jul 1, 2014	Not applicable	Fair market pricing	9,810.87	No	No	Executing	Dec. 1, 2018	CNINFO (http://www.cninfo.com.cn) Major Asset Replacement and Issuance of Shares to Purchase Assets and Related Party Transactions Report (November 2018)
Beijing Offcn Education Technology Co., Ltd.	Beijing Jingchen Runye Technology Development Co., Ltd.	Lease of the facade area of Phase 2 and the area behind Building 22 of Phase 3 in Area C, Building 2 in Area A, Building 2 in Area B, Building 2 in Area D (six small buildings) and Building No. 1 in Area D, etc. in the Phase 5 of East Courtyard of Daokou Village, Wangsiying Township, Chaoyang District, Beijing	Jan. 1, 2020	Not applicable	Fair market pricing	5,056.83	No	No	Executing	—	—
Beijing Offcn Education Technology Co., Ltd.	Shenyang Lijing Mingzhu Hotel Management Co., Ltd.	Lease is located in Building No.129, Beishumcheng Road, Shenhe District, Shenyang	Jul 1, 2016	Not applicable	Fair Market pricing	24,325.80	Yes	Controlled by the director of the Company	Executing	Dec. 1, 2018	—
Beijing Offcn Education Technology Co., Ltd.	Beijing Huaxia Shunxin Property Management Co., Ltd.	The lease is located in Huicong Park, Qiliqunan Village, Shahe Town, Changping District, Beijing	May 26, 2020	Not applicable	Fair market pricing	24,728.80	No	No	Executing	—	—
Beijing Offcn Education Technology Co., Ltd.	Shaanxi Guancheng Industrial Co., Ltd.	Asset acquisition	Feb. 26, 2020	Not applicable	Fair market pricing	38,306.00	Yes	Controlled by the director of the Company	Executing	—	—
Beijing Offcn Education Technology Co., Ltd.	Beijing Hanhua Century Technology Co., Ltd.	Lease is located at West Building of Hanhua Century Building, No. 1 Building, No. 23 Yard, Xueqing Road, Haidian District, Beijing	June 18, 2022	Not applicable	Fair market pricing	7,361.00	No	No	Executing	—	—

### Section XIII. Other significant events

Applicable  Not applicable

There are no other significant events that need to be explained during the reporting period of the Company.

#### **Section XIV. Significant events of the Company's subsidiaries**

Applicable  Not applicable

## Chapter 7 Share Changes and Shareholders

### Section I. Changes in Shares

#### 1. Changes in Shares

Unit: share(s)

	Before Change		Increase or Decrease (+ or -)					After Change	
	Number of shares	Proportion	New shares issued	Bonus shares	Conversion of equity reserves into share capital	Other	Subtotal	Number of shares	Proportion
I. Shares with trading restrictions	1,488,225,404	24.13%				-188,185,339	-188,185,339	1,300,040,065	21.08%
1. Shares held by state									
2. Shares held by state-owned legal person									
3. Other shares held by domestic capital	1,488,225,404	24.13%				-188,185,339	-188,185,339	1,300,040,065	21.08%
Of which: shares held by domestic legal person	0	0.00%						0	0.00%
Shares held by domestic natural person	1,488,225,404	24.13%				-188,185,339	-188,185,339	1,300,040,065	21.08%
4. Shares held by overseas capital									
Of which: shares held by overseas legal person									
Shares held by overseas natural person									
II. Shares without trading restrictions	4,679,173,985	75.87%				188,185,339	188,185,339	4,867,359,324	78.92%
1. RMB ordinary shares	4,679,173,985	75.87%				188,185,339	188,185,339	4,867,359,324	78.92%
2. Domestic-listed shares for oversea investors									
3. Foreign-listed shares for overseas investors									
4. Other									
III. Total number of shares	6,167,399,389	100.00%						6,167,399,389	100.00%

Reasons for changes in shares

 Applicable    Not applicable

Due to changes in the lock-up shares of high executives during the reporting period.



Approval of changes in shares

Applicable  Not applicable

Transfer of share changes

Applicable  Not applicable

Implementation progress of share repurchase

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

## 2. Changes in shares with sales restrictions

Applicable  Not applicable

Unit: share(s)

Name of shareholder	Number of shares with sales restrictions at the beginning of the period	Number of shares with sales restrictions 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
Li Yongxin	848,561,341	119,102,839	0	729,458,502	Changes of Senior executive's lock-up shares	According to the relevant regulations of senior executive's lock-up shares
Wang Zhendong	639,664,063	69,082,500	0	570,581,563	Changes of Senior executive's lock-up shares	According to the relevant regulations of senior executive's lock-up shares
Total	1,488,225,404	188,185,339	0	1,300,040,065	--	--

## Section II. Issuance and listing of securities

Applicable  Not applicable

## Section III. Number of shareholders and shareholdings

Unit: Share(s)

Total number of shareholders with ordinary	241,364	Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any) (See Note 8)	0
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shares at the end of the reporting period								
Shareholders with over 5% ordinary shares or top 10 ordinary shareholders								
Name of Shareholder	Nature of shareholder	Shareholding Percentage (%)	Number of 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, marked or Frozen	
							Status of shares	Number of shares
Li Yongxin	Domestic natural person	15.31%	944,407,232	-28,204,104.00	729,458,502	214,948,730	Pledged	660,827,945
Wang Zhendong	Domestic natural person	9.30%	573,799,534	-186,975,884.00	570,581,563	3,217,971	Pledged	426,870,000
Hunan Chasing Fund Management Co., Ltd.- Hunan Chasing Changqin No.1 Fund Partnership (Limited Partnership)	Other	5.51%	339,820,822	0	0	339,820,822		
Shaanxi International Trust Co., Ltd.- SIT Yunqi No. 1 Securities Investment Collective Fund Trust Plan	Other	5.10%	314,537,300	314,537,300.00	0	314,537,300		
Guangzhou Kangqi Asset Management Center (Limited Partnership)- Kangqi Assets Chuxin No. 1 Private Securities Investment Fund	Other	4.16%	256,369,970	-52,000,000.00	0	256,369,970		
Shanghai Tuopai Private Funds Management Co., Ltd.- Tuopai Xingfeng No. 9 Private Security Investment Fund	Other	2.30%	142,150,838	-166,219,132.00	0	142,150,838		
Lu Zhongfang	Domestic	1.78%	109,939,398	-811,209,100.00	0	109,939,398	pledged	74,000,000

	natural person							
Hong Kong Securities Clearing Co., Ltd.	Overseas legal person	1.10%	67,731,592	-9,836,613.00	0	67,731,592		
Zhou Xiayun	Domestic natural person	0.92%	56,556,962	3,424,635.00	0	56,556,962		
Beijing Kerui Venture Investment Center (Limited Partnership)	Domestic non-state-owned legal person	0.89%	54,887,323	0.00	0	54,887,323		
Strategic Investors or Ordinary Legal Persons Become the Top 10 Shareholders with Ordinary Shares by the replacement of New Shares (if any, see Note 3)	None							
Description of the Above-mentioned Shareholders' Relationship or Concerted Action	<p>The Company's controlling shareholder and actual controller Lu Zhongfang and Li Yongxin are in a parent-child relationship. Lu Zhongfang, Li Yongxin, and Beijing Offcn Future Information Consulting Center (Limited Partnership) constitute persons acting in concert.</p> <p>It is unknown whether there is an associated relationship among the above-mentioned other shareholders, and whether the above-mentioned shareholders belong to the parties acting in concert as stipulated in the <i>Administrative Measures on Information Disclosure of Shareholding Changes in Listed Companies</i>.</p>							
Description of the above-mentioned shareholders' entrusting/entrusted voting rights and waiver of voting rights	None							
Particulars of the existence of a special repurchase account among the top 10 shareholders (if any, see Note 11)	None							
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					
Hunan Chasing Fund Management Co., Ltd.-Hunan Chasing Changqin No.1 Fund Partnership (Limited Partnership)	339,820,822	RMB ordinary shares	339,820,822					
Shaanxi International Trust Co., Ltd.-SIT Yunqi No. 1 Securities Investment Collective Fund Trust Plan	314,537,300	RMB ordinary shares	314,537,300					
Guangzhou Kangqi Asset Management Center (Limited Partnership)-	256,369,970	RMB ordinary	256,369,970					

Kangqi Assets Chuxin No. 1 Private Securities Investment Fund		shares	
Li Yongxin	214,948,730	RMB ordinary shares	214,948,730
Shanghai Tuopai Private Funds Management Co., Ltd.-Tuopai Xingfeng No. 9 Private Security Investment Fund	142,150,838	RMB ordinary shares	142,150,838
Lu Zhongfang	109,939,398	RMB ordinary shares	109,939,398
Hong Kong Securities Clearing Co., Ltd.	67,731,592	RMB ordinary shares	67,731,592
Zhou xiayun	56,556,962	RMB ordinary shares	56,556,962
Beijing Kerui Venture Investment Center (Limited Partnership)	54,887,323	RMB ordinary shares	54,887,323
Luo Huanxiao	39,232,752	RMB ordinary shares	39,232,752
Description of the relationship or concerted action among the top 10 shareholders of ordinary shares without restrictions, 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. It is unknown whether there is an associated relationship among the above-mentioned other shareholders, and whether the above-mentioned shareholders belong to the parties acting in concert as stipulated in the <i>Administrative Measures on Information Disclosure of Shareholding Changes in Listed Companies</i> .		

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

Yes  No

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

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

Applicable  Not applicable

Name	Title	Tenure status	Shares held at the beginning of the period (share)	Quantity Of shares increased in the current period (share)	Other increased or decreased changes (share)	Quantity of shares held at the end of the period (share)	Quantity of restricted shares granted at the beginning of the period	Quantity of restricted shares granted in current period	Quantity of restricted shares granted at the end of the period
Li Yongxin	Chairman of the board	Incumbent	972,611,336	0	28,204,104	944,407,232	0	0	0
Wang Zhendong	Director, general manager	Incumbent	760,775,418	0	186,975,884	573,799,534	0	0	0
Total	--	--	1,733,386,754	0	215,179,988	1,518,206,766	0	0	0

### Section V. Changes of controlling shareholder or actual controller

Changes of controlling shareholder in the reporting period

Applicable  Not applicable

Controlling shareholder did not change during the reporting period.

Changes of actual controller during the reporting period

Applicable  Not applicable

The actual controller did not change during the reporting period.

## Chapter 8 Preferred Shares

Applicable  Not applicable

There were no preferred shares during the reporting period.

## Chapter 9 Corporate Bonds

Applicable  Not applicable

## Chapter 10 Financial Statements

### Section I. Auditor's report

Has the semi-annual report been audited

Yes No

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

### Section II. Financial statements

The unit of the statement in the financial notes: RMB

#### 1. Consolidated balance sheet

Prepared by: Offcn Education Technology Co., Ltd.

June 30, 2023

Unit: RMB

Items	Jun. 30, 2023	Jan. 1, 2023
<b>Current assets:</b>		
Monetary funds	756,004,299.74	385,328,555.74
Settlement reserve		
Borrowed funds		
Transactional financial assets	1,000,000.00	
Derivative financial assets		
Notes receivable		
Accounts receivable	37,615,251.32	37,323,682.88
Receivables financing		
Prepayments	214,627.00	556,093.00
Premium receivable		
Accounts receivable reinsurance		
Reserve for reinsurance receivable contracts		
Other receivables	183,380,449.84	193,617,379.76
Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		
Inventory		
Contract assets		
Assets held-for-sale		
Non-current assets due within one year		
Other current assets	6,093,853.07	4,559,823.18
<b>Total current assets</b>	<b>984,308,480.97</b>	<b>621,385,534.56</b>
<b>Non-current assets:</b>		
Loans and advances		
Debt investment		
Other debt investment		



Long-term receivables		
Long-term equity investment	46,829,958.32	46,835,952.63
Other equity investment	121,300,000.00	121,300,000.00
Other non-current financial assets	27,680,000.00	27,680,000.00
Investment property	33,110,964.73	450,260.54
Fixed assets	1,883,437,001.67	1,970,536,339.75
Construction in progress	326,144,606.54	323,273,645.99
Productive biological assets		
Oil and gas assets		
Right-of-use asset	889,367,057.48	1,112,202,447.58
Intangible assets	1,143,162,512.31	1,162,266,659.34
Development expenditure		
Goodwill	99,867,720.38	99,867,720.38
Long-term prepaid expenses	240,917,278.59	285,134,318.63
Deferred tax assets	704,598,699.79	772,016,405.47
Other non-current assets	1,653,901,029.49	1,654,201,029.49
Total non-current assets	7,170,316,829.30	7,575,764,779.80
Total assets	8,154,625,310.27	8,197,150,314.36
<b>Current liabilities:</b>		
Short-term loan	40,000,000.00	
Borrowing from Central Bank		
Borrowings from banks and other financial institutions		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	250,442,507.04	287,088,393.76
Deposit received		
Contract liabilities	3,372,173,981.81	3,949,799,538.71
Financial assets sold for repurchase		
Absorbing deposits and interbank deposits		
Acting trading securities		
Acting underwriting securities		
Payroll payable	246,602,046.05	609,823,739.07
Taxes payable	20,369,841.39	9,593,498.07
Other payable	2,091,514,542.12	1,096,787,345.65
Including: Interest payable		
Dividend payable		
Fees and commissions payable		
Reinsurance amounts payable		
Liabilities held-for-sale		
Non-current liabilities due within one year	447,202,888.69	578,821,921.03
Other current liabilities	101,165,219.45	118,495,201.91
Total current liabilities	6,569,471,026.55	6,650,409,638.20
<b>Non-current liabilities:</b>		
Insurance contract reserve		

Long-term loan		
Bonds payable		
Inc: Bonds payable preferred stock		
Bonds payable perpetual bond		
Lease liability	501,240,102.13	508,752,253.77
Long-term payable		
Long-term salary payable		
Estimated liabilities		
Deferred income		
Deferred tax liability	222,040,141.80	258,096,085.13
Other non-current liabilities		
Total non-current liabilities	723,280,243.93	766,848,338.90
Total liabilities	7,292,751,270.48	7,417,257,977.10
<b>Owners' equity:</b>		
Share capital	103,807,623.00	103,807,623.00
Other equity instruments		
Other equity instruments preferred stock		
Other equity instruments perpetual bond		
Capital reserve	1,225,481,049.50	1,225,481,049.50
Less: Treasury stock		
Other comprehensive income	6,375,000.00	6,375,000.00
Special reserve		
Surplus reserves	45,000,000.00	45,000,000.00
General risk reserves		
Undistributed profits	-518,747,991.94	-600,729,736.73
Total owners' equity attributable to the parent company	861,915,680.56	779,933,935.77
Minority shareholders' equity	-41,640.77	-41,598.51
Total owners' equity	861,874,039.79	779,892,337.26
Liabilities and owners' equity	8,154,625,310.27	8,197,150,314.36

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

## 2. Parent company balance sheet

Unit: RMB

Items	Jun. 30, 2023	Jan. 1, 2023
<b>Current assets:</b>		
Monetary funds	6,087,794.79	4,549,980.47
Transactional financial assets		
Derivative financial assets		
Notes receivable		
Accounts receivable	24,956,140.44	26,484,984.35
Receivables financing		
Prepayments		
Other receivables	24,823,587.35	22,848,853.79
Including: Interest receivable		

Dividend receivable		
Inventory		
Contract assets		
Assets held-for-sale		
Non-current assets due within one year		
Other current assets		
<b>Total current assets</b>	<b>55,867,522.58</b>	<b>53,883,818.61</b>
<b>Non-current assets</b>		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	19,190,395,589.06	19,190,401,583.37
Other equity investment	121,300,000.00	121,300,000.00
Other non-current financial assets		
Investment properties	4,121,590.76	363,531.57
Fixed assets	544,624,076.97	557,438,989.80
Construction in progress	72,569,103.57	72,569,103.57
Productive biological assets		
Oil and gas assets		
Right-of-use assets	347,958.18	
Intangible assets	157,029,331.82	161,459,750.00
Development expenditure		
Goodwill		
Long-term prepaid expenses		
Deferred tax assets		
Other non-current assets	1,618,411,145.38	1,618,411,145.38
<b>Total non-current assets</b>	<b>21,708,798,795.74</b>	<b>21,721,944,103.69</b>
<b>Total assets</b>	<b>21,764,666,318.32</b>	<b>21,775,827,922.30</b>
<b>Current liabilities</b>		
Short-term loan		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	43,621,752.26	43,621,752.26
Deposit received		
Contract liabilities		
Payroll payable		
Taxes payable	1,752,154.39	1,693,081.17
Other payable	2,543,810,788.37	2,533,250,496.78
Including: Interest payable		
Dividend payable		
Liabilities held-for-sale		
Non-current liabilities due within one year		
Other current liabilities		
<b>Total current liabilities</b>	<b>2,589,184,695.02</b>	<b>2,578,565,330.21</b>

Non-current liabilities		
Long-term loan		
Bonds payable		
Bonds payable preferred stock		
Bonds payable perpetual bond		
Lease liability	319,764.30	
Long-term payable		
Long-term salary payable		
Estimated liabilities		
Deferred income		
Deferred tax liability	2,125,000.00	2,125,000.00
Other non-current liabilities		
Total non-current liabilities	2,444,764.30	2,125,000.00
Total liabilities	2,591,629,459.32	2,580,690,330.21
Owners' equity		
Share capital	6,167,399,389.00	6,167,399,389.00
Other equity instruments		
Other equity instruments preferred stock		
Other equity instruments perpetual bond		
Capital reserve	12,775,326,370.33	12,775,326,370.33
Less: Treasury stock		
Other comprehensive income	6,375,000.00	6,375,000.00
Special reserve		
Surplus reserves	387,458,806.65	387,458,806.65
Undistributed profits	-163,522,706.98	-141,421,973.89
Owners' equity	19,173,036,859.00	19,195,137,592.09
Liabilities and owner's equity	21,764,666,318.32	21,775,827,922.30

### 3. Consolidated income statement

Unit: RMB

Items	Semi-annual 2023	Semi-annual 2022
I. Total operating income	1,728,338,446.75	2,226,704,962.11
Including: operating income	1,728,338,446.75	2,226,704,962.11
Interest income		
Premium earned		
Fee and commission income		
II. Total operating costs	1,607,145,661.82	3,270,304,589.23
Including: Operating cost	757,031,789.68	1,609,828,642.68
Interest expense		
Fee and commission expenses		
Surrender money		
Net reimbursement expenditure		
Withdrawal of net insurance liability contract reserves		

Policyholder dividend expenses		
Reinsurance expenses		
Taxes and surcharges	15,528,557.41	16,395,888.43
Sales expenses	351,925,858.15	701,766,026.73
Management expenses	265,963,797.73	472,072,638.67
R&D expenses	148,591,052.63	327,590,103.90
Financial expenses	68,104,606.22	142,651,288.82
Including: interest expenses	19,002,573.04	57,847,785.61
Interest income	251,376.39	5,702,074.59
Add: other income	7,599,452.35	30,202,078.09
Investment income (Loss is listed with “-”)	1,656,274.80	-2,230,731.92
Including: Investment income from associates and joint ventures	-5,994.31	-9,507,696.78
Derecognition income of financial assets measured at amortized cost		
Exchange earnings (Loss is listed with “-”)		
Net exposure hedge income (Loss is listed with “-”)		
Fair value change income (Loss is listed with “-”)		-3,435,742.21
Expected credit loss (Loss is listed with “-”)	-12,587,685.57	-7,994,247.21
Asset impairment loss (Loss is listed with “-”)		
Asset disposal income (Loss is listed with “-”)	-3,310,651.17	58,877.23
III. Operating profit (Loss is listed with “-”)	114,550,175.34	-1,026,999,393.14
Add: non-operating income		
Less: non-operating expenses	314,728.01	4,372,388.19
IV. Total profit(The total loss is listed with “-”)	114,235,447.33	-1,031,371,781.33
Less: Income tax expenses	32,253,744.80	-140,436,954.64
V. Net profit (Net loss is listed with “-”)	81,981,702.53	-890,934,826.69
i. Classified by business continuity		
1. Net profit from continuing operations (Net loss is listed with “-”)	81,981,702.53	-890,934,826.69
2. Net profit from discontinued operations (Net loss is listed with “-”)		
ii. Classification by ownership		
1. Net profit attributable to the owner of the parent company	81,981,744.79	-890,931,710.33
2. Minority shareholders' gains and losses(Net loss is listed with “-”)	-42.26	-3,116.36
VI. Net other comprehensive income		
Net other comprehensive income after tax attributable to the parent company owner		
i. Other comprehensive income that cannot be reclassified into profit or loss		
1. Changes from the remeasurement of the defined benefit plan		

2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in the fair value of other equity instruments		
4. Changes in fair value of the company's own credit risk		
5. Other		
ii. Other comprehensive income that will be reclassified into profit or loss		
1. Other comprehensive income of convertible profit and loss under the equity method		
2. Changes in fair value of other debt investments		
3. Financial assets reclassified into other comprehensive income		
4. Credit impairment provisions of other debt investment		
5. Cash flow hedge reserve		
6. Foreign currency financial statement translation difference		
7. Other		
Net other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	81,981,702.53	-890,934,826.69
Total comprehensive income attributable to owners of the parent	81,981,744.79	-890,931,710.33
Total comprehensive income attributable to minority shareholders	-42.26	-3,116.36
VIII. Earnings per share		
i. Basic earnings per share	0.01	-0.14
ii. Diluted earnings per share	0.01	-0.14

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

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

#### 4. Parent company income statement

Unit: RMB

Items	Semi-annual 2023	Semi-annual 2022
I. Operating income	1,166,825.72	427,884.19
Less: Operating cost	93,878.98	5,597,571.75
Taxes and surcharges	3,163,389.06	3,158,855.34
Sales expenses		
Management expenses	20,122,726.44	12,714,916.92
R&D expenses		
Financial expenses	12,566.11	9,997,226.32
Including: Interest expenses		10,049,430.40
Interest income	1,962.89	61,926.55
Add: Other income		2,487.65

Investment income (Loss is listed with “-”)	1,653,845.69	-7,773,599.75
Including: Investment income from associates and joint ventures		-9,507,696.78
Derecognition income of financial assets measured at amortized cost		
Net exposure hedge income (Loss is listed with “-”)		
Fair value change income (Loss is listed with “-”)		-73,219.32
Expected credit loss (Loss is listed with “-”)	-1,528,843.91	-1,157,663.12
Asset impairment loss (Loss is listed with “-”)		
Asset disposal income (Loss is listed with “-”)		
II. Operating profit(Loss is listed with “-”)	-22,100,733.09	-40,042,680.68
Add: non-operating income		
Less: non-operating expenses		4,000,000.00
III. Total profit (The total loss is listed with “-”)	-22,100,733.09	-44,042,680.68
Less:income tax expenses		-18,304.83
IV. Net profit (Net loss is listed with “-”)	-22,100,733.09	-44,024,375.85
i. Net profit from continuing operations(Net loss is listed with “-”)	-22,100,733.09	-44,024,375.85
ii. Net profit from discontinued operations (Net loss is listed with “-”)		
V. Net other comprehensive income		
i. Other comprehensive income that cannot be reclassified into profit or loss		
1. Changes from the remeasurement of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of other equity instruments		
4. Changes in fair value of the company’s own credit risk		
5. Other		
ii. Other comprehensive income that will be reclassified into profit or loss		
1. Other comprehensive income of convertible profit and loss under the equity method		
2. Changes in fair value of other debt investments		
3. Financial assets reclassified into other comprehensive income		
4. Credit impairment provisions of		

other debt investment		
5. Cash flow hedge reserve		
6. Foreign currency financial statement translation difference		
7. Other		
VI. Total comprehensive income	-22,100,733.09	-44,024,375.85
VII. Earnings per share:		
i. Basic earnings per share		
ii. Diluted earnings per share		

## 5. Consolidated cash flow statement

Unit: RMB

Items	Semi-annual 2023	Semi-annual 2022
I. Cash flows from operating activities:		
Cash received from the sale of goods and the services	1,183,188,892.40	4,062,343,388.89
Net increase in customer deposits and interbank deposits		
Net increase in borrowing from central bank		
Net increase in funds borrowed from other financial institutions		
Cash received from the original insurance contract premium		
Net cash received from reinsurance business		
Net increase in policyholders' deposits and investment funds		
Cash charged with interest, handling fees and commissions		
Net increase in funds borrowed in		
Net increase in repurchase funds		
Net cash received from agent buying and selling of securities		
Taxes refund		
Other cash received related to other business activities	23,363,255.94	35,105,398.27
Subtotal of cash inflow from operating activities	1,206,552,148.34	4,097,448,787.16
Cash paid for the purchase of goods and services	204,069,860.16	451,088,975.41
Net increase in customer loans and advances		
Net increase in deposit of central bank and interbank		
Cash paid for the original insurance contract		
Net increase in borrowed funds		
Cash paid for interest, handling fees and commissions		
Cash paid for policy dividends		



Cash paid to and for employees	1,260,100,397.07	2,255,984,012.14
Various taxes paid	52,954,848.96	58,136,972.58
Other cash paid for business activities	218,239,224.82	299,256,415.71
Subtotal of cash outflows from business activities	1,735,364,331.01	3,064,466,375.84
Net cash flow from operating activities	-528,812,182.67	1,032,982,411.32
<b>II. Cash flows from investing activities:</b>		
Cash received from investment recovery	20,700,000.00	466,866,629.87
Cash received from investment income	1,662,269.11	7,285,958.41
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other business units		
Other cash received related to investing activities		
Subtotal of cash inflows from investing activities	22,362,269.11	474,152,588.28
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	1,091,858.70	45,057,938.10
Cash paid for investment	21,400,000.00	118,700,000.00
Net increase in pledge loans		
Net cash paid for acquiring subsidiaries and other business units		
Other cash paid related to investing activities		
Subtotal of cash outflows from investment activities	22,491,858.70	163,757,938.10
Net cash flow from investing activities	-129,589.59	310,394,650.18
<b>III. Cash flows from financing activities:</b>		
Cash received from investment absorption		
Including: Cash received from subsidiaries in absorbing minority shareholders' investment		
Cash received from loans	40,000,000.00	
Other cash received related to fundraising activities	997,000,000.00	
Subtotal of cash inflows from financing activities	1,037,000,000.00	
Cash paid for debt repayment		1,899,000,000.00
Cash paid for dividends, profits or interest payments		43,044,930.56
Including: Dividends and profits paid by subsidiaries to minority shareholders		
Other cash paid related to financing activities	137,184,566.54	245,945,251.57
Subtotal of cash outflows from financing activities	137,184,566.54	2,187,990,182.13
Net cash flow from financing activities	899,815,433.46	-2,187,990,182.13
<b>IV. Effect of the changes of the exchange rate on cash and the equivalents</b>		

V. Net increase in cash and cash equivalents	370,873,661.20	-844,613,120.63
Add: balance of cash and cash equivalents at the beginning of the period	380,885,899.37	1,969,806,009.56
VI. Balance of cash and cash equivalents at the end of the period	751,759,560.57	1,125,192,888.93

## 6. Parent company cash flow statement

Unit: RMB

Items	Semi-annual 2023	Semi-annual 2022
<b>I. Cash flow from operating activities:</b>		
Cash received from the sale of goods and services	1,225,867.00	
Tax refund		
Other cash received related to business activities	8,623,627.92	1,022,771,128.40
Subtotal of cash inflow from operating activities	9,849,494.92	1,022,771,128.40
Cash paid for the purchase of goods and services		
Cash paid to and for employees		
Various taxes paid	3,162,937.12	3,039,028.54
Other cash paid for business activities	6,761,333.48	11,565,274.64
Subtotal of cash outflows from business activities	9,924,270.60	14,604,303.18
Net cash flow from operating activities	-74,775.68	1,008,166,825.22
<b>II. Cash flows from investing activities:</b>		
Cash received from investment recovery		1,500,000.00
Cash received from investment income	1,659,840.00	1,734,097.03
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other business units		
Other cash received related to investing activities		
Subtotal of cash inflows from investment activities	1,659,840.00	3,234,097.03
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		20,000.00
Cash paid for investment		
Net cash paid for acquiring subsidiaries and other business units		
Other cash paid related to investing activities		
Subtotal of cash outflows from investment activities		20,000.00
Net cash flows from investing activities	1,659,840.00	3,214,097.03
<b>III. Cash flow from financing activities:</b>		
Cash received from investment absorption		
Cash received from the loan		
Other cash received related to fundraising activities		
Subtotal of cash inflows from financing activities		

Cash paid for debt repayment		1,000,000,000.00
Cash paid for dividends, profits or interest payments		11,164,499.99
Other cash paid related to financing activities	47,250.00	
Subtotal of cash outflows from financing activities	47,250.00	1,011,164,499.99
Net cash flow from financing activities	-47,250.00	-1,011,164,499.99
IV. Effect of the changes of the exchange rate on cash and the equivalents		
V. Net increase in cash and cash equivalents	1,537,814.32	216,422.26
Add:balance of cash and cash equivalents at the beginning of the period	4,275,056.45	58,831,214.10
VI. Balance of cash and cash equivalents at the end of the period	5,812,870.77	59,047,636.36

**7. Consolidated Statement of Changes in Owners' Equity**
**Unit: RMB**

ITEM	First Half Year of 2023														
	Attributable to owners of the parent Company												Minority interests	Total equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Other			Subtotal
	Preferred stock	Perpetual bond	Other												
I. Ending balance of last year	103,807,623.00				1,225,481,049.50		6,375,000.00		45,000,000.00		-600,729,736.73		779,933,935.77	-41,598.51	779,892,337.26
Add: Impact from changes in accounting policies															
Impact from corrections of errors in prior period															
Business combination under common control															
Other															
II. Beginning balance of current year	103,807,623.00				1,225,481,049.50		6,375,000.00		45,000,000.00		-600,729,736.73		779,933,935.77	-41,598.51	779,892,337.26
III. Movement for current year ("—" for decrease)											81,981,744.79		81,981,744.79	-42.26	81,981,702.53
(I) Total comprehensive income											81,981,744.79		81,981,744.79	-42.26	81,981,702.53
(II) Shareholder's contributions and withdrawals of capital															
1. Common stock contributed by shareholders															
2. Capital contributed by other equity instruments holders															
3. Share-based payment recorded in shareholder's equity															
4. Other															
(III) Profits distribution															
1. Appropriation of surplus reserve															
2. Withdraw general risk reserves															
3. Distribution to shareholders															
4. Other															
(IV) Internal transfer within shareholder's equity															
1. Conversion of capital reserve into share capital															
2. Conversion of surplus reserve into share capital															
3. Recover of loss by surplus reserve															
4. Change of defined benefit obligations carried forward to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Other															
(V) Special reserve															
1. Accrual of special reserve															
2. Utilization of special reserve															
(VI) Other															
IV. Ending balance of current period	103,807,623.00				1,225,481,049.50		6,375,000.00		45,000,000.00		-518,747,991.94		861,915,680.56	-41,640.77	861,874,039.79

**Unit: RMB**

ITEM	First Half Year of 2022														Minority interests	Total equity
	Equity attributable to equity holders of the parent company												Subtotal			
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Other				
	Preferred stock	Perpetual bond	Other													
I. Ending balance of last year	103,807,623.00				1,225,481,049.50		13,200,000.00		45,000,000.00		501,330,081.70		1,888,818,754.20	-37,673.74	1,888,781,080.46	
Add: Impact from changes in accounting policies																
Impact from corrections of errors in prior period																
Business combination under common control																
Other																
II. Beginning balance of current year	103,807,623.00				1,225,481,049.50		13,200,000.00		45,000,000.00		501,330,081.70		1,888,818,754.20	-37,673.74	1,888,781,080.46	
III. Movement for current year ("—" for decrease)																
(I) Total comprehensive income											-890,931,710.33		-890,931,710.33	-3,116.36	-890,934,826.69	
(II) Shareholder's contributions and withdrawals of capital																
1. Common stock contributed by shareholders																
2. Capital contributed by other equity instruments holders																
3. Share-based payment recorded in shareholder's equity																
4. Other																
(III) Profits distribution																
1. Appropriation of surplus reserve																
2. Withdraw general risk reserves																
3. Distribution to shareholders																
4. Other																
(IV) Internal transfer within shareholder's equity																
1. Conversion of capital reserve into share capital																
2. Conversion of surplus reserve into share capital																
3. Recover of loss by surplus reserve																
4. Change of defined benefit obligations carried forward to retained earnings																
5. Other comprehensive income carried forward to retained earnings																
6. Other																
(V) Special reserve																
1. Accrual of special reserve																
2. Utilization of special reserve																
(VI) Other																
IV. Ending balance of current period	103,807,623.00				1,225,481,049.50		13,200,000.00		45,000,000.00		-389,601,628.63		997,887,043.87	-40,790.10	997,846,253.77	

**8. Statement of Changes in Owners' Equity**
**Unit: RMB**

ITEM	First Half Year of 2023											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Other	Total equity
		Preferred stock	Perpetual bond	Other								
I. Ending balance of last year	6,167,399,389.00				12,775,326,370.33		6,375,000.00		387,458,806.65	-141,421,973.89		19,195,137,592.09
Add: Impact from changes in accounting policies												
Impact from corrections of errors in prior period												
Other												
II. Beginning balance of current year	6,167,399,389.00				12,775,326,370.33		6,375,000.00		387,458,806.65	-141,421,973.89		19,195,137,592.09
III. Movement for current year ("-" for decrease)												
(I) Total comprehensive income										-22,100,733.09		-22,100,733.09
(II) Shareholder's contributions and withdrawals of capital										-22,100,733.09		-22,100,733.09
1. Common stock contributed by shareholders												
2. Capital contributed by other equity instruments holders												
3. Share-based payment recorded in shareholder's equity												
4. Other												
(III) Profits distribution												
1. Appropriation of surplus reserve												
2. Distribution to shareholders												
3. Other												
(IV) Internal transfer within shareholder's equity												
1. Conversion of capital reserve into share capital												
2. Conversion of surplus reserve into share capital												
3. Recover of loss by surplus reserve												
4. Change of defined benefit obligations carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Other												
(V) Special reserve												
1. Accrual of special reserve												
2. Utilization of special reserve												
(VI) Other												
IV. Ending balance of current period	6,167,399,389.00				12,775,326,370.33		6,375,000.00		387,458,806.65	-163,522,706.98		19,173,036,859.00

Unit: RMB

ITEM	First Half Year of 2022											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Other	Total equity
		Preferred stock	Perpetual bond	Other								
I. Ending balance of last year	6,167,399,389.00				12,775,326,370.33		13,200,000.00		387,458,806.65	-78,102,890.25		19,265,281,675.73
Add: Impact from changes in accounting policies												
Impact from corrections of errors in prior period												
Other												
II. Beginning balance of current year	6,167,399,389.00				12,775,326,370.33		13,200,000.00		387,458,806.65	-78,102,890.25		19,265,281,675.73
III. Movement for current year ("-" for decrease)												
(I) Total comprehensive income										-44,024,375.85		-44,024,375.85
(II) Shareholders' contributions and withdrawals of capital												
1. Common stock contributed by shareholders												
2. Capital contributed by other equity instruments holders												
3. Share-based payment recorded in shareholder's equity												
4. Other												
(III) Profits distribution												
1. Appropriation of surplus reserve												
2. Distribution to shareholders												
3. Other												
(IV) Internal transfer within shareholder's equity												
1. Conversion of capital reserve into share capital												
2. Conversion of surplus reserve into share capital												
3. Recover of loss by surplus reserve												
4. Change of defined benefit obligations carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Other												
(V) Special reserve												
1. Accrual of special reserve												
2. Utilization of special reserve												
(VI) Other												
IV. Ending balance of current period	6,167,399,389.00				12,775,326,370.33		13,200,000.00		387,458,806.65	-122,127,266.10		19,221,257,299.88

### Section III. General information

#### 1. Overview of the Company

Offcn Education Technology Co., Ltd. (referred to as the “Company” or “the Company”) was formerly known as Yaxia Automobile Co., Ltd. (referred to as “Yaxia Automobile”). Yaxia Automobile, 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 Automobile was approved by the China Securities Regulatory Commission (referred to as the “CSRC”) for the approval of the initial public offering of Wuhu Yaxia Automobile Co., Ltd. (CSRC License [2011] No. 1046) and issued 22 million RMB ordinary shares to the public and traded on the Shenzhen Stock Exchange in August 2011. The controlling shareholder is Anhui Yaxia Industrial Co., Ltd. (referred to as “Yaxia Industrial”). On July 1, 2016, the company obtained the No. 91340200711040703A “Enterprise Business license of Enterprise Legal Person” issued by the Wuhu Administration for Industry and Commerce. As of June 30, 2023, the Company's share capital is RMB 6,167,399,389.00.

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

On December 27, 2018, Yaxia Automobile and the counterpart Yaxia Industrial signed the *Confirmation of Delivery of Assets*. The closing date of the exchange-out assets is December 27, 2018. From the date of delivery, Yaxia Automobile, the counterparty will complete the delivery obligations, regardless of whether the exchange-out assets (including but not limited to land use rights, home ownership, intellectual property rights and qualifications, permits, other intangible assets, etc.) is actually completed. The ownership of the assets belongs to Yaxia Industrial, and all the rights, obligations, responsibilities and risks related to the disposed assets



(including contingent liabilities, hidden liabilities) are owned and undertaken by Yaxia Industrial, which has the actual control and disposal rights over the exchange-out assets, and Yaxia Automobile no longer has any actual rights. On the same day, Offcn Ltd. completed the registration procedures for industrial and commercial changes on shareholder change matters. After the completion of this alteration, Yaxia Automobile holds a 100.00% stake in Offcn Ltd., accordingly, the controlling shareholder and actual controller of the Company will be changed to Li Yongxin and Lu Zhongfang. On February 2, 2019, Yaxia Automobile changed its name and changed its scope of business.

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

The nature of the industry: Education

Customer nature: Mainly natural persons

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

The financial report was approved by the Board of Directors of the Company on August 29, 2023.

## **2. The scope of the consolidated financial statements**

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

## **Section IV. Basis of preparation of financial statements**

### **1. Basis of preparation**

The financial statements are based on a going concern assumption, according to the practical transactions,

in accordance with the relevant provisions of the Accounting Standards for Business Enterprises, and based on the important accounting policies and accounting estimates described below.

## **2. Going concern**

The Company evaluated the ability to continue operations for 12 months from June 30, 2023. After using all available information to make an assessment, it did not find any matters and situations that have significant doubts about the ability to continue operations. It is reasonable to prepare financial statements based on a going concern basis.

## **Section V. The Company's significant accounting policies and accounting estimates**

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

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

### **2. Accounting period**

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

### **3. Business cycle**

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

### **4. Recording currency**

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

### **5. Business combinations**

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

The Company realizes to achieve a merger under the same control in one transaction or through step-by-step

multiple transactions. Assets and liabilities obtaining from the merger of enterprise are measured according to the share of book value of consolidated financial statements of final controlling party under the owner's equity of combined party within combining date. The difference between the book value of the net assets obtained from Company and the book value of the consideration the combination of payment (or the aggregate face value of shares issued as consideration) is adjusted to the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

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

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

Step-by-step multiple transactions to achieve business combinations not under common control should be handled in the following order:

(1) Adjust the initial investment cost of long-term equity investments. If the equity held before the purchase date is accounted for using the equity method, it shall be remeasured at the fair value of the equity on the purchase date, and the difference between the fair value and its book value is included in the current investment income; Changes in other comprehensive income and other owners' equity under the equity method shall be converted to the current income at the acquisition date, except for other comprehensive income arising from the net liabilities or net assets' changes of the benefit plan remeasured by the investee and arising from changes in the fair value of investment in other equity instruments held.

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

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

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

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

- 1) These transactions are made simultaneously or with consideration of influence on each other;
- 2) These transactions can only achieve a complete business outcome only 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 it is economical when considered together with other transactions.

(2) Each transaction in the process of disposing of the equity in stages to the loss of control of the subsidiary belongs to the "package deal" accounting method

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

In the consolidated financial statements, the remaining equity should be remeasured at its fair value on the date when 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) Each transaction in the process of disposing of equity in steps to the loss of control of a subsidiary is not an accounting treatment of "package deal".

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

When disposing of the loss of control over the investment in a subsidiary, in the consolidated financial statements, the remaining equity should be remeasured at its fair value on the date when control is lost. The sum

of the consideration obtained from the disposal of equity and the fair value of the remaining equity minus the share of the net assets that should have been calculated by the original subsidiary from the date of purchase based on the original shareholding ratio is included in the investment income. Other comprehensive income related to the equity investment of the original subsidiary shall be converted to current investment income or retained earnings when control is lost.

## 6. Preparation of consolidated financial statements

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

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

### 7.1 Joint venture arrangements classification and Co-operation accounting treatment

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

Joint control refers to the shared control over a certain economic activity as required in the contract, and only exists when all investors sharing such control related to the activity have consented.

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

### 7.2 Accounting treatment of joint venture arrangement

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

The participants in a joint venture shall, in accordance with *the Accounting Standards for Enterprises No.2 – long-term equity investment*, make accounting arrangements for the investment.

## 8. Criteria for the determination of cash and cash equivalents

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

## **9. Foreign currency transaction and foreign currency statement translation**

### **9.1 Transactions denominated in foreign currencies**

On initial recognition, a foreign currency amount 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 using the spot exchange rate at the balance sheet date; all items except for 'undistributed profits' of the owner's equity are translated at the spot exchange rate on the transaction date. The revenue and expenses in the income statement are translated using the approximate rate of the spot exchange rate on the transaction date. Differences arising from the translation of foreign currency financial statements are recognized as the other comprehensive income.

## **10. Financial instruments**

### **10.1 Recognition and derecognition of financial instruments**

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

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

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

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

(2) The right to receive cash flow from financial assets has been transferred, or bear the obligation to pay all cash received to third party in time due to “Hand-Over arrangement”; and (a) all risks and benefits of the financial assets have been transferred virtually, or (b) though not all risks and benefits of the financial assets have been transferred, but lose the control of the financial assets.

#### 10.2 Classification and measurement of financial assets

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

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

(1) Financial assets at amortized cost

Financial assets are classified as financial assets at amortized cost when following conditions are met: the Company’s business model for managing financial assets targets to receive contractual cash flow. The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. For such financial assets, using effective interest rate method and subsequently measure at amortized cost, gains or losses arising from amortization or impairment are recognized in current profit or loss.

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

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

other comprehensive income. The accumulated gains or losses is transferred to profit or loss until it's derecognized. Interest income related to such financial assets is included in the current profit and loss.

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

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

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

Any financial assets that are not held in one of the two business models mentioned above are measured at fair value through profit or loss. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatches, financial assets can be designated as financial assets at fair value through profit or loss. For such financial assets, subsequently measured at fair value, and all changes in fair value are recognized in profit or loss.

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

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

### 10.3 Classification and measurement of financial liabilities

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

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

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



recognition amount.

Subsequent measurement of financial liabilities depends on its categories:

(1) Financial liabilities at amortized cost

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

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

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

#### 10.4 Offsetting of financial instruments

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

#### 10.5 Impairment of financial assets

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

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

(1) General model of expected credit loss

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

Instruments” of this report for details.

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

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

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

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

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

Stage 3: credit impairment occurs after initial recognition

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

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

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

If the enterprise determine financial instruments, the lower the risk of default in the borrowers in the short-term ability to fulfill its obligation to pay the contract cash flow is very strong, and even the economic situation and business environment in a long term adverse change, also will not necessarily reduce the borrower's ability

to fulfill its obligation to pay the contract cash flow, then the financial instruments can be seen as a lower credit risk.

### (3) Receivables and lease receivables

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

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

### 10.6 Financial asset transfer

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

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

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

## 11. Notes receivable

None

## 12. Accounts receivable

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

The Company considers all reasonable and evidence-based information, including forward-looking

information, to estimate the expected credit loss of the accounts receivables individually or in combination.

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

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

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

### 13. Receivables financing

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

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

### 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 losses of other receivables individually or in combination.

When individual financial assets can expect credit losses at a reasonable cost evaluation of information, the Company choose individual credit losses, when individual financial assets not credit losses at a reasonable cost evaluation of information, the Company on the basis of credit risk characteristics could be divided into several

other receivables portfolio, based on the combination of computing expected credit losses, determine the basis of a combination is as follows:

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

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

## 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, consumed materials and supplies in the production process or providing services of the Company.

### 15.2 Measurement of inventories transferred out

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

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

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made. For inventories of goods directly used for sale, in the normal production and operation process, the net realizable value is determined by the amount of the estimated selling price of the inventory less the estimated sales cost and relevant taxes and fees; for material inventories that need to be processed, in the normal production and operation process, the net realizable value is determined by the amount of the estimated selling price of finished products produced less the estimated cost to be occurred at the time of completion, the estimated selling expenses and related taxes; on the balance sheet date, of the same inventory, if some has contract price agreement and there is no contract price agreement in other parts, the net realizable value is determined separately and compared with its corresponding cost to determine the amount of the provision for inventory depreciation or reversal.

### 15.4 Inventory count system

The perpetual inventory system is maintained for stock 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 asset

### 16.1. Confirmation methods and standards of contract assets

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

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

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

## 17. Contract costs

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

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

17.1. The cost is directly related to a current or expected contract, including direct labor and materials expenses, manufacturing expenses (or similar expenses), clearly defined costs borne by the customer, and other costs incurred only due to the contract;

17.2. The cost increases the Company's future resources for fulfilling contract obligations;

17.3. The cost is expected to be recovered.

If the incremental cost incurred by the Company for obtaining the contract is expected to be recovered, it is recognized as an asset as the cost of obtaining the contract; however, if the amortization period of the asset does not exceed one year, the Company could include it in the current profits and losses when it occurs.

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

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

17.3.1. The remaining consideration expected to be obtained due to the transfer of goods or services related to the asset;

17.3.2. Costs estimated to incur for the transfer of the related goods or services

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

## 18. Assets held-for-sale

The Company divides the corporate components (or non-current asset) that meet all of the following conditions into holding for sale: (1)Based on the usual practice of selling such assets or disposal groups in similar transactions, they can be sold immediately under current conditions; (2) The sale is highly probable, a resolution has been made on a sale plan and a firm purchase commitment has been obtained and it is expected that the sale will be completed within one year. Approvals from relevant authorities or regulatory authorities have been obtained in accordance with relevant regulations.

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

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

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 investment

### 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

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

### 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 cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the investment, investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee, and at the same time whether long-term investment in accordance with the relevant policy considerations of the declined value of asset



impairment.

For checking by the equity method, the initial investment cost of the long-term equity investment is not adjusted if it is greater than the fair value share of the net identifiable assets of the investee in the investment; if the initial investment cost of the long-term equity investment is smaller than the fair value share of the net identifiable assets of the investee in the investment, the balance is charged to current profit and loss and the cost of the long-term equity investment is adjusted.

When the equity method is adopted, after the acquisition of long-term equity investment, the investment profit and loss shall be recognized and the book value of long-term equity investment shall be adjusted according to the share of net profit and loss realized by the investee that should be enjoyed or shared. Upon confirmation of the invested entity shall be accorded to the net profits and losses of the share, in order to obtain the invested entity, when the fair value of the identifiable assets such as basis, according to the Company's accounting policies and accounting periods, and offset and associated enterprises and joint ventures between insider trading profits and losses according to the shareholding calculation belongs to part of the investment enterprise (but insider trading loss belongs to the asset impairment loss, should be a full confirmation), net income of the invested entity after adjustment for confirmation. According to the profit or cash dividend declared to be distributed by the investee, calculate the share payable, and correspondingly reduce the book value of the long-term equity investment. The Company shall recognize the net loss incurred by the investee to the extent that the book value of the long-term equity investment and other long-term rights and interests substantially constituting the net investment of the investee shall be written down to zero, except where the Company is obligated to bear additional losses. For the changes of owners' equity other than the net profit and loss of the investee, the book value of the long-term equity investment shall be adjusted and included in the owners' equity.

### 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 by partial disposal of an equity investment or other reasons

If the Company loses control over the subsidiary due to the disposal of equity investment or other reasons, the book value of the long-term equity investment corresponding to the sold equity shall be carried forward, and

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

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

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

### 23. Investment property

Measurement model of Investment properties

Measured by cost method

Depreciation or amortization method

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

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 asset

#### 24.1 Recognition, measurement and depreciation criteria for fixed assets

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

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

#### 24.2 Depreciation methods for each category of fixed assets

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

#### 24.3 Basis of asserting, valuation method and depreciation method for fixed assets acquired under financing leases

None

## 25. Construction in progress

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

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

## 26. Borrowing cost

### 26.1 Recognition criteria of capitalization

Borrowing costs 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) When the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale, the borrowing costs stop capitalization.

### 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**

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

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

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

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

29.3 Any initial direct costs incurred by the Company.

29.4 An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The aforementioned costs are incurred for the production of inventories, and *the Accounting Standards for Business Enterprises No. 1 - Inventories* shall apply.

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

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

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

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

**30. Intangible assets**

**(1) Valuation method, service life and impairment test**

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

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	Useful life(Year)
------	-------------------

Item	Useful life(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 are 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 has fallen sharply in the current period, and the decline was significantly higher than the expected decline due to the passage of time or normal use; (2) Significant changes of the economic, technical or legal environment in which the enterprise operates and the market in which the assets are located will occur in the current period or in the near future, which will adversely affect the Company; (3) The market interest rate or other market investment returns have increased during the current period, which affects the Company's discount rate for calculating the present value of the expected future cash flow of assets, leading to the recoverable amount has been greatly reduced; (4) There is evidence that the assets have become obsolete or their entities have been damaged; (5) The assets have been or will be idle, terminated or planned to be

disposed of in advance; (6) The evidence reported by the enterprise indicates that economic performance of the assets has been or will be lower than expected, such as the net cash flow created by the assets or the realized operating profit (or loss) is far lower (or higher) than the expected amount; (7) Other indications that the asset may have signs of impairment.

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

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

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

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

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

### **32. Long-term prepaid expenses**

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

### **33. Contract liabilities**

The Company lists contract assets or contract liabilities in the balance sheet based on the relationship between the performance of obligations and customer payments. The obligation of transferring products or providing services to customers after the Company has received the consideration from customers or the consideration is receivable, is listed as contract liabilities.

### **34. Employee compensation**

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

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

#### **(2) Accounting treatment methods of post-employment benefits**

None

#### **(3) Accounting treatment methods of 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**

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. During the accounting period when the Company's employees provide services, the amount calculated in accordance with the above social security provisions shall be recognized as liabilities, and recorded into the current profit and loss or the cost of relevant assets.

### **35. Lease liabilities**

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

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

Lease payments include the following five items:

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

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

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

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

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

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

### **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. Income**

Accounting policies applied in revenue recognition and measurement

#### 39.1 Recognition of income

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

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

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

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

① The client obtains and consumes the economic benefits while the Company is fulfilling the performance obligations;

② The client can control assets under construction while the Company is still in the process of fulfilling the performance obligations.

③ The asset generated while the Company is in the process of performing the contract are indispensable, and the Company has the right to collect partial payments for the cumulative performance obligations that have been fulfilled so far within the contract period.

If the performance obligations are performed within the specified period, the Company will recognize the income within this period in accordance with the progress of the contract 's performance, except that the performance progress cannot be reasonably determined. The Company considers the nature of the goods and adopts the output method or input method to determine the appropriate performance progress.

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

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

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

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

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

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

⑤ The customer has accepted the goods.

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

The specific policy of the Company's income recognition:

The Company's income mainly includes ordinary class income and agreement class income. The income

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

### 39.3 Measurement of income

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

#### (1) Variable consideration

The Company determines the best estimate of the variable consideration based on the expected value or the most likely amount, but the transaction price including the variable consideration should not exceed the amount of the accumulated recognized revenue that it is very likely that a significant reversal not occur when the relevant uncertainty is eliminated. When an enterprise assesses whether it is very likely that a significant reversal of accumulated recognized revenue will not occur, it should also consider the possibility of reversal of revenue and its proportion.

#### (2) Major financing components

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

#### (3) Non-cash consideration

If the customer pays a non-cash consideration, the Company shall determine the transaction price based on the fair value of the non-cash consideration. If the fair value of the non-cash consideration cannot be reasonably estimated, the Company determines the transaction price indirectly by referring to the stand-alone selling price of the goods it promises to transfer to the customer.

#### (4) Consideration payable to customers

For the consideration payable to the customer, the consideration payable shall be offset by the transaction price, and the current income is offset at the later point when the relevant income is recognized and the customer's consideration is paid, except when the customer's consideration is payable to obtain other clearly distinguishable products from the customer.

If the enterprise pays the customer consideration to obtain other clearly distinguishable goods from the customer, it shall confirm the purchased goods in a manner consistent with other purchases by the enterprise. If the consideration payable by the enterprise to the customer exceeds the fair value of the clearly distinguishable

commodity obtained from the customer, the exceeding amount shall be offset against the transaction price. If the fair value of the clearly distinguishable goods obtained from the customer cannot be reasonably estimated, the enterprise shall offset the consideration payable to the customer in full from the transaction price.

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

None

#### **40. Government subsidy**

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

40.3 The government grant adopts the total method

(1) A government grant related to 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. Deferred income tax assets and the deferred income tax liabilities**

41.1 According to the difference between book value of the assets and liabilities and the tax base (for the items that have not been confirmed as assets and liabilities, the difference refers to the difference between base of tax, which can be confirmed according to the provisions of tax law, and the book number), deferred income tax assets and deferred income tax liabilities shall be measured and confirmed according to applicable tax rate during the period when the asset is expected to recover or the debt is expected to pay off.

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 in the future sufficient taxable income is likely to be obtained to offset the deductible temporary difference, confirm the unconfirmed deferred income tax assets in previous accounting periods.

41.3 On the balance sheet date, the review of the book value of the deferred income tax assets should be conducted, and if in the future sufficient taxable income to offset the benefit of the deferred income tax assets can't be obtained, the write-downs on the book value of the deferred income tax assets should be applied. If it is likely to obtain sufficient taxable income, return of the amount of write-downs should be applied.

41.4 The Company's current income tax and deferred income tax are recorded into the profits and losses of the current as income tax expenses. But the income tax in the followings are not included: (1) The business combination; (2) Transactions or events directly confirmed in the owner's equity.

## **42. Lease**

### 42.1 Accounting treatment of operating leases

#### 1) Lessor

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

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

#### 2) Lessee

As the lessee, except for short-term leases and leases for which the underlying asset is of low value, the Company recognizes right-of-use assets and lease liabilities on the commencement date of the lease term.

After the commencement date of the lease term, the Company uses the cost model for subsequent measurement on the right-of-use assets. Right-of-use assets are depreciated by the Company in accordance with the ASBE No.4 - Fixed Assets. If the Company is reasonably certain, that the lease will transfer ownership of the underlying asset to the Company by the end of the lease term, the right-of-use assets is depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use assets is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term. The Company applies ASBE No. 8 - Impairment of Assets, to determine whether the right-of-use assets are impaired and perform accounting treatment to identify impairment loss.

The Company calculates the interest expense of the lease liability for each period of the lease term in accordance with fixed periodical interest rate and record it into the current profit and loss. If it shall be recorded into the cost of related assets in accordance with "Accounting Standards for Business Enterprises No.17 - Borrowing cost" or other regulations, the Company will follow the regulations.

### 42.2 Accounting treatment of financial leases

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

#### 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 reason for changes in accounting policies	Approval process	Remarks
Implement “On deferred income tax on assets and liabilities transactions arising from individual transactions aren’t applicable for accounting treatment exempted at initial recognition.” from “Explanatory Announcement No. 16 for ASBE ”	The changes do not need to comply with the Board of Directors and the Supervisory Committee’s approval process.	None

The Company has adopted relevant regulation “On deferred income tax on assets and liabilities transactions arising from individual transactions aren’t applicable for accounting treatment exempted at initial recognition.” from “Explanatory Announcement No. 16 for ASBE (FA [2022] NO. 31)” since January 1, 2023. The Company adjusted the amount of the relevant items in the financial statements according to cumulative impact. The impacts on the changes in accounting policies are shown below:\

Content and reason for changes in accounting policies	Report items and amount affected
The taxable temporary differences and the deductible temporary differences arising from the initial recognition of the assets and liabilities of the lease transaction should determine their deferred income tax liabilities and deferred income tax assets separately when transaction happens.	On January 1, 2023, deferred income tax assets in balance sheet increase RMB 169,735,961.10, and deferred income tax liabilities increase RMB 169,735,961.10.

##### (2) Changes in important accounting estimates

Applicable  Not applicable

##### (3) The new Accounting Standards will be implemented for the first time since the 2023 and related items of financial statements at the beginning of the year will be implemented for the first time.

Applicable  Not applicable

Adjustment statement

Consolidated balance sheet

Item	January 1, 2023	December 31, 2022	Adjustment amount
Deferred tax assets	772,016,405.47	602,280,444.37	169,735,961.10
Deferred tax liability	258,096,085.13	88,360,124.03	169,735,961.10

#### 45. Others

None

## Section VI. Taxation

### 1. Major categories of taxes and tax rates

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

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. Shaanxi Offcn Education Technology Co. Ltd.	25%
10. Chengdu Offcn Future Education Training School Co. Ltd.	20%
11. Lu'an Yazhong Real Estate Information Consulting Co., Ltd.	25%
12. Lu'an Zhongke Real Estate Information Consulting Co., Ltd.	25%
13. Sichuan Offcn Luming Culture Media Co., Ltd.	20%
14. Zhejiang Offcn Education Technology Co. Ltd.	25%
15. Taizhou Offcn Future Enterprise Management Consulting Co., Ltd.	20%
16. Wenling Offcn Information Consulting Co., Ltd.	20%
17. Beijing Offcn Xinzhiyu Online Technology Co., Ltd.	25%
18. Hulun Buir Hailar Offcn Education Information Consulting Co., Ltd.	20%
19. Xilinhot Offcn Future Education Consulting Co., Ltd.	20%
20. Yueqing Lecheng Offcn Training Center Co., Ltd.	20%
21. Jiaozuo Offcn Future Education Service Co., Ltd.	20%
22. Xinzheng Offcn Cultural Communication Co., Ltd.	20%
23. Chongqing Jiangbei Offcn Vocational Examination Training Co., Ltd.	25%
24. Nanning Offcn Future Education Consulting Co., Ltd.	25%
25. Baiyin Offcn Future Education Consulting Co., Ltd.	20%
26. Beijing Xinde Zhiyuan Enterprise Management Consulting Co., Ltd.	25%
27. Nanjing Huiyue Hotel Management Co., Ltd.	25%
28. Shandong Kunzhong Yuhua Technology Co., Ltd.	25%
29. Sanmenxia Offcn Cultural Communication Co., Ltd.	20%
30. Liaoning Offcn Academic & Cultural Exchange Co., Ltd.	25%
31. Liaoning Offcn Education Technology Co., Ltd.	25%
32. Shandong Offcn Education Technology Co., Ltd.	20%
33. Jilin Changyi Offcn Education Training School Co., Ltd.	25%
34. Yuxi Offcn Training School Co., Ltd.	20%
35. Tonghua Offcn Training School Co., Ltd.	15%
36. Hunan Lightsalt Offcn Education Technology Co., Ltd.	20%
37. Tianjin Hexi Offcn Training School Co., Ltd.	25%
38. Tianjin Jinnan Offcn Lexue Training School Co., Ltd.	25%
39. Tianjin Baodi Offcn Lexiang Training School Co., Ltd.	25%
40. Tianjin Jizhou Offcn Lecheng Training School Co., Ltd.	25%
41. Chengdu Offcn Education Training School Co., Ltd.	25%
42. Shandong Zhuoda Business Management Co., Ltd.	25%
43. Liaoning Zhongcheng Real Estate Development Co.,Ltd.	25%
44. Wuhu Offcn Training School Co. Ltd.	25%

45. Wuhan Guoshang Human Resource Service Co., Ltd.	25%
46. Jinan Zhangqiu Offcn Training School Co.,Ltd.	25%
47. Mengzi Offcn Education Training Co. Ltd.	20%
48. Beijing Offcn Technology Development Co. Ltd.	20%
49. Shanghai Offcn Education Technology Co. Ltd.	25%
50. Guangzhou Offcn Smart Education Technology Co. Ltd.	20%
51. Nantong Sigang Huizhi Technology Co., Ltd.	25%
52. Pingshan Offcn Education Technology Co. Ltd.	25%
53. Shandong Offcn Education Training School Co. Ltd.	25%
54. Lanzhou Offcn Education Training School Co. Ltd.	20%
55. Anshan Tiedong Offcn Education Training School Co., Ltd.	20%
56. Diqing Offcn Training School Co., Ltd.	20%
57. Dali Offcn Education Training School Co., Ltd.	20%
58. Harbin Nangang Offcn Education Training School Co., Ltd.	20%
59. Nujiang Offcn Training School Co., Ltd.	20%
60. Weixi Offcn Education Training School Co., Ltd.	20%
61. Beijing Offcn Century Education Technology Co., Ltd.	25%
62. Beijing Offcn Shengjing Education Technology Co., Ltd.	20%
63. Henan Offcn Education Consulting Co., Ltd.	25%
64. Lhasa Offcn Training School Co., Ltd.	20%
65. Tianjin Offcn Technology Co., Ltd.	25%
66. Tianjin Wuqing Offcn Leqing Training School Co., Ltd.	25%

## 2. Policies and basis of the important tax incentives

### 2.1 Value-added tax

(1) According to the “Notice on the VAT Exemption Policy for Small-scale VAT Taxpayers” (FT [2023] No. 1), in order to further support the development of small and micro enterprises, the Notice will continue to be in force, and the contents are as follows: small-scale value-added taxpayers with monthly sales of less than RMB 100,000 (including the principal) are exempt from value-added tax; VAT for taxable sales income of small-scale VAT taxpayers subject to 3% levy rate shall be paid at the tax rate of 1%; prepaid VAT items subject to the advance levy rate of 3% shall be prepaid at the tax rate of 1%.

(2) According to the “Notice on the VAT Exemption Policy for Small-scale VAT Taxpayers” (FT [2023] No. 1), taxpayers in the production service industries are allowed to deduct 5% of the input tax in accordance with the current period. Taxpayers in the production service industries refer to those who achieve the sales account for more than 50% of the whole sales from serving as the postal services, telecommunications services, modern services and living services; Allowing living services taxpayers deduct 10% of the input tax in accordance with the current period. Living services taxpayers refer to those who achieve the sales account for more than 50% of the whole sales from living service; taxpayers are applicable for other items related to the adding and deducting policy according to the “Notice of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Relevant Policies for Deepening the Reform of Value-added Tax” (Announcement No. 39 [2019] of the Ministry of Finance, State Taxation Administration, and General Administration of Customs of The People’s Republic of China) and the “Notice of the Ministry of Finance and the State Administration of Taxation on Defining the Value-added Tax Policies for living services” (Announcement No. 87 [2019] of the Ministry of Finance and State Taxation Administration).

(3) According to the “Notice of the Ministry of Finance and the State Administration of Taxation on the



Relevant Policies on Deduction of Value Added Tax for Special Equipment and Technical Maintenance Costs of Value Added Tax Control System” (FT [2012] No. 15), if the VAT taxpayers purchase special equipment for the VAT tax control system (including separate ticket machines) for the first time after December 1, 2011 (including, the same below), the VAT invoice obtained from the purchase of special equipment for the VAT tax control system can be used for the full amount of the VAT payable is deducted (the deduction is the total amount of price and tax), and the deduction that is insufficient can be carried forward to the next period to continue the deduction. The VAT taxpayer’s technical maintenance fee paid after December 1, 2011 (excluding the technical maintenance fee paid before November 30, 2011) can be added to the value of the technical maintenance fee invoice issued by the technical maintenance service unit. The full amount of the tax payable is deductible, and those that are insufficient for deduction can be carried forward to the next period to continue the deduction. The Company and the qualified subsidiaries and subsidiaries should deduct the VAT payable amount in full according to the regulations.

## 2.2 Corporate income tax

(1) On October 21, 2020, Offcn Co., Ltd. passed the high-tech enterprise recognition organized by the Beijing Municipal State Taxation Bureau, Beijing Local Taxation Bureau, Beijing Municipal Finance Bureau and Beijing Science and Technology Commission, and obtained the high-tech enterprise certificate No. GR202011002730. The certificate is valid from October 21, 2020 to October 20, 2023, and reidentification after its expiry is in progress. Offcn Co., Ltd. and its subsidiaries pay corporate income tax at a rate of 15%.

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

(3) According to the “Announcement of the Ministry of Finance and State Taxation Administration on Further Improving the Policy of Pre-tax Deduction of R&D expenses”, (Announcement No. 7, 2023 of the Ministry of Finance and State Taxation Administration), from January 1, 2023, if the R&D expenses actually incurred by the enterprise in carrying out R&D activities are not included in the current profit or loss as intangible assets, on the basis of actual deduction according to regulations, 100% of the actual amount will be deducted before tax. The Company meets the conditions and the Company applies the tax incentive policy.

(4) According to the “Notice of the Ministry of Finance and the State Administration of Taxation on Further Implementation of Income Tax Preferential Policies Supporting the Development of Small and Low-profit Enterprises” ( [2022] No. 13 ), from January 1, 2022 to December 31, 2024, as for the annual taxable income of small and low-profit enterprises exceeds 1 million yuan but does not exceed 3 million yuan, which will be included in the taxable income at a reduced rate of 25%, the enterprise’s income tax will be paid at the tax rate of 20%. According to the “Notice of the Ministry of Finance and the State Administration of Taxation

on Income Tax Preferential Policies Supporting the Development of Small and Low-profit Enterprises and and Individual Industrial and Commercial Households ( [2023] No. 6 )”, from January 1, 2023 to December 31, 2024, as for the annual taxable income of small and low-profit enterprises does not exceed 1 million yuan, which will be included in the taxable income at a reduced rate of 25%, the enterprise’s income tax will be paid at the tax rate of 20%.

### 2.3 Other tax incentives

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

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

### 3. Others

None.

## Section VII. Notes to consolidated financial statements

### 1. Monetary funds

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	131,851.52	35,788.65
Cash on bank	724,383,472.52	379,418,940.77
Other monetary funds	31,488,975.70	5,873,826.32
Total	756,004,299.74	385,328,555.74

Other information

(1) Other monetary funds mainly include the balances of third-party payment platforms such as POS, Tenpay, and Alipay.

(2) At the end of the period, there are no mortgage, pledge, freezing and other restrictions on the use of funds. Details on Note VII of this report, 81, “Assets with restricted ownership or rights of use”.

(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	1,000,000.00	
Inc:		
Debt instrument investment	1,000,000.00	
Inc:		
Total	1,000,000.00	

Other information

## 3. Derivative financial assets

Unit: RMB

Item	Closing balance	Opening balance
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Other information

## 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 balance		Bad debt r provision		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Inc:										
Inc:										

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	Write-off	Other	

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
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**(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	Derecognized amount at the end of the period	Not derecognized amount at the end of the period
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**(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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Other information:

**(6) Notes receivable actually written off in current period**

Unit: RMB

Item	Amount of writing off
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Important write-offs of notes receivable:

Unit: RMB

Company name	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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Notes on the write-off of notes receivable

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

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Inc:										
Accounts receivable with provision for bad debts in combination	46,075,150.74	100.00%	8,459,899.42	18.36%	37,615,251.32	43,513,429.80	100.00%	6,189,746.92	14.22%	37,323,682.88

Inc:										
Combination 1	1,403,000.00	3.05%	70,150.00	5.00%	1,332,850.00					
Combination 2	4,499,940.30	9.77%	242,249.23	5.38%	4,257,691.07	3,491,219.36	8.02%	187,596.90	5.37%	3,303,622.46
Combination 3	40,172,210.44	87.19%	8,147,500.19	20.28%	32,024,710.25	40,022,210.44	91.98%	6,002,150.02	15.00%	34,020,060.42
Total	46,075,150.74	100.00%	8,459,899.42		37,615,251.32	43,513,429.80	100.00%	6,189,746.92		37,323,682.88

Provision for bad debts according to combination: 8,459,899.42

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion of provision
Combination 1	1,403,000.00	70,150.00	5.00%
Combination 2	4,499,940.30	242,249.23	5.38%
Combination 3	40,172,210.44	8,147,500.19	20.28%
Total	46,075,150.74	8,459,899.42	

Description of the basis for determining the combination:

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

Applicable  Not Applicable

Disclosure by account age

Unit: RMB

Ages	Book balance
Within 1 year (included)	5,696,824.30
1-2 years (included)	10,519,196.69
2 to 3 years	20,006,930.10
More than 3 years	9,852,199.65
3 to 4 years	9,852,199.65
Total	46,075,150.74

## (2) Provision, recovery 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
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		Provision	Recovery or reversal	Write off	Others	
Provision for bad debts of accounts receivable	6,189,746.92	2,270,152.50				8,459,899.42
<b>Total</b>	<b>6,189,746.92</b>	<b>2,270,152.50</b>				<b>8,459,899.42</b>

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

Unit: RMB

Company name	Amount recovered or reversed	Recovery method

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

Unit: RMB

Item	Write off amount

Important write-off accounts receivable:

Unit: RMB

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

Description of the write-off of accounts receivable:

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

Unit: RMB

Company name	Closing balance of accounts receivable	Proportion in the total closing balance of accounts receivable	Closing balance of bad debt reserves
Anhui Yaxia Industrial Co., Ltd	40,000,000.00	86.81%	7,970,993.53
Customer 1	1,403,000.00	3.05%	70,150.00
Customer 2	1,374,007.50	2.98%	83,879.63
Customer 3	813,228.40	1.77%	40,661.42
Customer 4	786,961.00	1.71%	42,077.90
<b>Total</b>	<b>44,377,196.90</b>	<b>96.32%</b>	

### (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

Other information:

None.

## 6. Receivables financing

Changes in receivable financing and fair values in current period

Applicable  Not applicable

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

Applicable  Not applicable

Other information:

## 7. Prepayments

### (1) Disclosure by account age

Unit: RMB

Account age	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	214,627.00	100%	556,093.00	100%
Total	214,627.00		556,093.00	

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

None.

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

Unit: RMB

Company name	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	208,464.00	Within 1 year	97.13	
Nanjing Eurasian Air Passengers Transport Agency Co., Ltd.	Air ticket payment	6,163.00	Within 1 year	2.87	
<u>Total</u>		<u>214,627.00</u>		<u>100.00</u>	

Other information:

None

## 8. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	183,380,449.84	193,617,379.76

Total	183,380,449.84	193,617,379.76
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## (1) Interest receivable

### 1) Classification of interest receivable

Unit: RMB

Item	Closing balance	Opening balance
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### 2) Important overdue interest

Unit: RMB

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

### 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 impairment has occurred and the basis for judging
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### 3) Provision for bad debts

 Applicable  Not applicable

Other information:

## (3) Other receivables

### 1) Classification of other receivables by nature of payment

Unit: RMB

Nature of payment	Closing book balance	Opening book balance
Deposits and guarantees	181,434,838.12	191,758,631.44
Reserve fund	580,014.91	292,215.00
Deferred expense and others	1,365,596.81	1,566,533.32
Total	183,380,449.84	193,617,379.76

### 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 <sup>st</sup> , 2023		13,595,579.87		13,595,579.87
Balance at Jan. 1 <sup>st</sup> , 2023 in current period				
Provision in the current period		10,317,533.07		10,317,533.07
Balance at June 30 <sup>th</sup> , 2023		23,913,112.94		23,913,112.94

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)	10,353,233.38
1 to 2 years	9,995,623.23
2 to 3 years	154,746,147.79
More than 3 years	32,198,558.38
3 to 4 years	13,184,668.72
4 to 5 years	4,189,967.06
More than 5 years	14,823,922.60
Total	207,293,562.78

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

Provision for bad debts in current period:

Unit: RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Provision for bad debts of other receivables	13,595,579.87	10,317,533.07				23,913,112.94
Total	13,595,579.87	10,317,533.07				23,913,112.94

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

Unit: RMB

Name of company	Amount of recovered or reversed	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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Important write-off of other receivables:

Unit: RMB

Company name	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 write-off of other receivables:

**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
Beijing Construction Engineering Real Estate Co., Ltd.	Deposits and guarantees	124,498,000.00	2 to 3 years	60.06%	22,449,800.00
Beijing Huaxia Shunxin Property Management Co., Ltd.	Deposits and guarantees	25,000,000.00	2 to 3 years	12.06%	
Beijing Hanhua Century Technology Co., Ltd.	Deposits and guarantees	2,174,166.67	Within 1 years	1.05%	
Beijing Hanhua Century Technology Co., Ltd.	Deposits and guarantees	3,737,045.64	1 to 2 years	1.80%	
Shenyang Lijing Mingzhu Hotel Management Co., Ltd.	Deposits and guarantees	5,675,200.00	More than 5 years	2.74%	
Chengdu Zhongmanweiye Culture Industry Development Co., Ltd.	Deposits and guarantees	3,660,000.00	3 to 4 years	1.77%	
Total	—	164,744,412.31	--	79.48%	22,449,800.00

**6) Receivables involving government subsidies**

Unit: RMB

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

Other information

None

### 9. Inventories

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

### 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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Other information:

### 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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Other information:

### 12. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance
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**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	Coupon rate	Real interest rate	Due date

Other information:

**13. Other current assets**

Unit: RMB

Item	Closing balance	Opening balance
Prepaid expenses	5,738,672.70	4,318,475.88
Input tax to be deducted	325,238.34	239,685.75
Pending payment		1,661.55
Others	29,942.03	
<b>Total</b>	<b>6,093,853.07</b>	<b>4,559,823.18</b>

Other information:

**14. Debt investment**

Unit: RMB

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

**Important debt investment**

Unit: RMB

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

**Provision for impairment**

Unit: RMB

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (no credit impairment has occurred)	Expected credit loss in the whole duration (credit impairment has occurred)	
Balance at Jan. 1 <sup>st</sup> , 2023 in current period	---	---	---	---

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

 Applicable  Not applicable

Other information:

**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 item	Closing balance				Opening balance			
	Par value	Coupon rate	Real interest rate	Due date	Par value	Coupon rate	Real interest rate	Due date

Provision for impairment

Unit: RMB

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (no credit impairment has occurred)	Expected credit loss in the whole duration (credit impairment has occurred)	
Balance at Jan. 1 <sup>st</sup> , 2023 in current period	---	---	---	---

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

 Applicable  Not applicable

Other information:

## 16. Long-term receivables

### (1) Long-term receivables

Unit: RMB

Item	Closing balance			Opening balance			Discount rate range
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value	

Impairment of bad debt reserves

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 <sup>st</sup> , 2023 in current period	---	---	---	---
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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**

Other information

**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
		Investment increased	Investment reduced	Investment gains and losses recognized under the equity method	Other comprehensive income adjustments	Other changes in equity	Payment of cash dividends or profits declared	Provision for impairment	Other		
<b>1. Joint ventures</b>											
Offcn Xietong (Jiaxing) Human Resources Co., Ltd.	2,266.22			2,175.50						4,441.72	
Subtotal	2,266.22			2,175.50						4,441.72	
<b>2. Associated enterprises</b>											
Beijing Offcn Future Education Technology Co., Ltd.	46,833,686.41			-8,169.81						46,825,516.60	
Subtotal	46,833,686.41			-8,169.81						46,825,516.60	
<b>Total</b>	<b>46,835,952.63</b>			<b>-5,994.31</b>						<b>46,829,958.32</b>	

Other information:

## 18. Investment in other equity instruments

Unit: RMB

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

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

Other information:

## 19. Other non-current financial assets

Unit: RMB

Item	Closing balance	Opening balance
Beijing Jinwu Venture Capital Center (limited partnership)	27,680,000.00	27,680,000.00
<b>Total</b>	<b>27,680,000.00</b>	<b>27,680,000.00</b>

Other information:

## 20. Investment properties

### (1) Investment properties adopting cost measurement mode

 Applicable  Not applicable

Unit: RMB

Item	Premises and buildings	Land-use rights	Construction in progress	Total
I. Original book value				
1. Opening balance	529,791.51			529,791.51
2. Increase in current period	37,735,011.66			37,735,011.66
(1) Outsourcing				
(2) Inventory/ Fixed assets/ Transfer in from construction in progress	37,735,011.66			37,735,011.66

(3) Increase in business combination			
3. Decrease in current period			
(1) Disposal			
(2) Other transfers			
4. Closing balance	38,264,803.17		38,264,803.17
II. Accumulated depreciation and amortization			
1. Opening balance	79,530.97		79,530.97
2. Increase in current period	5,074,307.47		5,074,307.47
(1) Provision or amortization	6,552.66		6,552.66
(2) Inventory/ Fixed assets/ Transfer in from construction in progress	5,067,754.81		5,067,754.81
3. Decrease in current period			
(1) Disposal			
(2) Other transfers			
4. Closing balance	5,153,838.44		5,153,838.44
III. Provision for impairment			
1. Opening balance			
2. increase in current period			
(1) Provision			
3. Decrease in current period			
(1) Disposal			
(2) Other transfers			
4. Closing balance			
IV. Book value			
1. Book value at the end of the period	33,110,964.73		33,110,964.73
2. Book value at the beginning of the period	450,260.54		450,260.54

**(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 property rights certificate application
Premises and buildings	450,260.54	In process

Other information

**21. Fixed assets**

Unit: RMB

Item	Closing balance	Opening Balance
Fixed assets	1,883,437,001.67	1,970,536,339.75
Total	1,883,437,001.67	1,970,536,339.75

**(1) Fixed assets**

Unit: RMB

Item	Premises and buildings	Decoration of fixed assets	Transportation facility	Electronic equipment	Office equipment	Total
I. Original book value						
1. Opening balance	2,174,869,502.24	64,708,424.02	79,967,486.32	235,306,130.20	12,256,665.90	2,567,108,208.68
2. Increase in the current period				5,500.00		5,500.00
(1) Purchase				5,500.00		5,500.00
(2) Transfer in from construction in progress						
(3) Increase in business combination						
3. Decrease in the current period	37,735,011.66		638,180.00	359,986.90	15,750.00	38,748,928.56
(1) Disposal or obsolescence			638,180.00	359,986.90	15,750.00	1,013,916.90
(2) Transfer out to investment property	37,735,011.66					37,735,011.66
4. Closing balance	2,137,134,490.58	64,708,424.02	79,329,306.32	234,951,643.30	12,240,915.90	2,528,364,780.12
II. Accumulated depreciation						
1. Opening balance	273,533,269.93	43,450,135.38	73,092,142.80	188,617,262.95	11,243,804.98	589,936,616.04
2. Increase in the current period	31,653,148.08	5,710,870.60	999,530.40	15,648,112.88	97,648.01	54,109,309.97
(1) Accrual	31,653,148.08	5,710,870.60	999,530.40	15,648,112.88	97,648.01	54,109,309.97

3. Decrease in the current period	5,074,307.47		330,650.71	333,479.77	14,962.50	5,753,400.45
(1) Disposal or obsolescence			330,650.71	333,479.77	14,962.50	679,092.98
(2) Transfer out to investment property	5,074,307.47					5,074,307.47
4. Closing balance	300,112,110.54	49,161,005.98	73,761,022.49	203,931,896.06	11,326,490.49	638,292,525.56
III. Impairment provision						
1. Opening balance	6,556,268.55			4,309.80	74,674.54	6,635,252.89
2. Increase in the current period						
(1) Accrual						
3. Decrease in the current period						
(1) Disposal or obsolescence						
4. Closing balance	6,556,268.55			4,309.80	74,674.54	6,635,252.89
IV. Book value						
1. Closing book value	1,830,466,111.49	15,547,418.04	5,568,283.83	31,015,437.44	839,750.87	1,883,437,001.67
2. Opening book value	1,894,779,963.76	21,258,288.64	6,875,343.52	46,684,557.45	938,186.38	1,970,536,339.75

### (2) Temporarily idle fixed assets

Unit: RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Note

### (3) Fixed assets leased out through operating lease

Unit: RMB

Item	Closing book value

### (4) Fixed assets without property rights certificate

Unit: RMB

Item	Book value	Reasons for not completing the property rights certificate application
Premises and buildings	615,816,222.31	Being handled

Other information

### (5) Liquidation of fixed assets

Unit: RMB

Item	Closing balance	Opening balance

Other information:

## 22. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	326,144,606.54	323,273,645.99
Total	326,144,606.54	323,273,645.99

### (1) Construction in progress

Unit: RMB

Item	Closing Balance			Opening Balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Fushun Offcn Building	162,638,594.15		162,638,594.15	160,953,189.34		160,953,189.34
Rizhao Learning City	89,545,578.87		89,545,578.87	88,360,023.13		88,360,023.13
Bozhou Yaxia Fortune Plaza	62,847,721.95		62,847,721.95	62,847,721.95		62,847,721.95
GAC-Toyota Bozhou 4S Stores	9,721,381.62		9,721,381.62	9,721,381.62		9,721,381.62
Huangshan Fudi Stores	1,391,329.95		1,391,329.95	1,391,329.95		1,391,329.95
<b>Total</b>	<b>326,144,606.54</b>		<b>326,144,606.54</b>	<b>323,273,645.99</b>		<b>323,273,645.99</b>

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

Unit: RMB

Item	Budget	Opening balance	Increase in the period	Transferred into 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
Fushun Offcn Building	330,000,000.00	160,953,189.34	1,685,404.81			162,638,594.15	49.28%	49.28%				Others
Rizhao Learning City	1,000,000,000.00	88,360,023.13	1,185,555.74			89,545,578.87	8.95%	8.95%				Others
<b>Total</b>	<b>1,330,000,000.00</b>	<b>249,313,212.47</b>	<b>2,870,960.55</b>			<b>252,184,173.02</b>						

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

Unit: RMB

Item	Accrual amount	Reason
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Other information:

**(4) Engineering materials**

Unit: RMB

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

Other information:

**23. Productive biological assets**

(1) Productive biological assets measured by 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	Houses and buildings	Total
I. Original book value		
1. Opening balance	1,806,412,835.01	1,806,412,835.01
2. Increased amount in the current period	89,872,637.48	89,872,637.48
3. Decreased amount in the current period	296,198,518.81	296,198,518.81
(1) Decreased rent when lease expired	140,488,560.94	140,488,560.94
(2) Early expiration	155,709,957.87	155,709,957.87
4. Closing balance	1,600,086,953.68	1,600,086,953.68
II. Accumulated impairment		
1. Opening balance	694,210,387.43	694,210,387.43
2. Increased amount in the current period	216,737,662.37	216,737,662.37
(1) Accrual	216,737,662.37	216,737,662.37
3. Decreased amount in the current period	200,228,153.60	200,228,153.60
(1) Disposal		
(2) Decreased rent when lease expired	140,488,560.94	140,488,560.94
(3) Early expiration	59,739,592.66	59,739,592.66
4. Closing balance	710,719,896.20	710,719,896.20
III. Impairment provision		
1. Opening balance		
2. Increased amount in the current period		
(1) Accrual		
3. Decreased amount in the current period		
(1) Disposal		
4. Closing balance		
IV. Book value		
1. Closing book value	889,367,057.48	889,367,057.48
2. Opening book value	1,112,202,447.58	1,112,202,447.58

Other information:

## 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	1,380,676,763.17			7,774,286.02	7,140,521.53	1,395,591,570.72
2. Increase in the period						
(1) Purchase						
(2) Internal R&D						
(3) Increase in business combination						
3. Decrease in the period						
(1) Disposal						

4. Closing balance	1,380,676,763.17			7,774,286.02	7,140,521.53	1,395,591,570.72
II. Accumulated amortization						
1. Opening balance	170,570,916.97			5,210,599.36	3,898,948.68	179,680,465.01
2. Increase in the period	18,399,000.84			341,367.45	363,778.74	19,104,147.03
(1) Accrual	18,399,000.84			341,367.45	363,778.74	19,104,147.03
3. Decrease in the period						
(1) Disposal						
4. Closing balance	188,969,917.81			5,551,966.81	4,262,727.42	198,784,612.04
III. Impairment provision						
1. Opening balance	53,641,335.37			3,111.00		53,644,446.37
2. Increase in the period						
(1) Accrual						
3. Decrease in the period						
(1) Disposal						
4. Closing balance	53,641,335.37			3,111.00		53,644,446.37
IV. Book value						
1. Closing book value	1,138,065,509.99			2,219,208.21	2,877,794.11	1,143,162,512.31
2. Opening book value	1,156,464,510.83			2,560,575.66	3,241,572.85	1,162,266,659.34

The proportion of intangible assets formed through internal R&D in the balance of intangible assets at the end of the period:0.00%

## (2) Land use rights without property rights certificate

Unit: RMB

Item	Book value	Reasons for not completing property rights certificate application
Land-use rights	226,294,737.56	in process

Other information:

## 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		
Total								

Other information:

## 28. Goodwill

### (1) Original book value of goodwill

Unit: RMB

Name of the investee and item resulting in goodwill	Opening balance	Increase in the current period	Decrease in the current	Closing balance

		period			
		Formed by business combination		Disposal	
Shandong Kunzhong Yuhua Technology Co., Ltd.	39,378,573.51				39,378,573.51
Nanjing Huiyue Hotel Management Co., Ltd.	60,489,146.87				60,489,146.87
Total	99,867,720.38				99,867,720.38

## (2) Goodwill impairment provision

Unit: RMB

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

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

The Company acquired Shandong Kunzhong Yuhua Technology Co., Ltd. in 2016 and generated goodwill of RMB 39,378,573.51. The goodwill was divided into corresponding asset groups which consists of long-term assets, goodwill and deferred tax liabilities. The recoverable amount of the asset group is determined based on the net amount of the fair value minus the disposal expenses.

The Company's acquisition of Nanjing Huiyue Hotel Management Co., Ltd. in 2018 generated goodwill of RMB 60,489,146.87. The goodwill was divided into corresponding asset groups which consists of long-term assets, goodwill and deferred tax liabilities. The recoverable amount of the asset group is determined based on the net amount of the fair value minus the disposal expenses.

## 29. Long-term prepaid expenses

Unit: RMB

Item	Opening balance	Increase in the period	Amortization for the period	Other reductions	Closing balance
Decoration expenditure	276,184,152.32		42,803,472.18		233,380,680.14
Other	8,950,166.31	31,694.00	1,445,261.86		7,536,598.45
Total	285,134,318.63	31,694.00	44,248,734.04		240,917,278.59

Other information

## 30. Deferred income tax assets and Deferred income tax liabilities

### (1) Unoffset deferred income tax assets

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment losses of	24,269,845.76	3,807,161.33	13,820,010.31	2,202,090.78

assets				
Deductible losses	3,767,535,905.14	565,130,385.77	3,995,702,357.27	599,355,353.59
Changes in fair value of held-for-trading financial assets	4,820,000.00	723,000.00	4,820,000.00	723,000.00
Lease - right to use assets	884,338,863.59	134,938,152.69	1,112,202,447.58	169,735,961.10
Total	4,680,964,614.49	704,598,699.79	5,126,544,815.16	772,016,405.47

## (2) Unoffset deferred income tax liabilities

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Appraisal and appreciation of consolidated assets of non-identical controlled enterprises	339,879,762.56	84,969,940.65	344,940,496.08	86,235,124.03
Changes in fair value of other equity instrument investments	8,500,000.00	2,125,000.00	8,500,000.00	2,125,000.00
Lease - right to use assets	884,367,057.43	134,945,201.15	1,112,202,447.58	169,735,961.10
Total	1,232,746,819.99	222,040,141.80	1,465,642,943.66	258,096,085.13

## (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 opening of the reporting period	Opening balance of deferred tax assets or liabilities after offset
Deferred income tax assets		704,598,699.79		772,016,405.47
Deferred income tax liabilities		222,040,141.80		258,096,085.13

## (4) Unrecognized deferred income tax asset details

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	2,153,869.13	3,024,087.93
Deductible losses	387,398,194.65	341,498,222.24
Total	389,552,063.78	344,522,310.17

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

Unit: RMB

Year	Closing balance	Opening balance	Notes
2023		11,480,964.23	
2024	38,853,304.84	38,853,304.84	
2025	57,109,818.13	57,109,818.13	
2026	125,120,829.40	125,120,829.40	
2027	108,933,305.64	108,933,305.64	
2028	57,230,821.93		

Total	387,248,079.94	341,498,222.24
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Other information

### 31. Other no-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Input tax to be deducted / to be certified	3,378,986.11		3,378,986.11	3,378,986.11		3,378,986.11
Prepaid construction payments	8,455,158.00		8,455,158.00	8,455,158.00		8,455,158.00
Investment funds	1,100,000.00		1,100,000.00	1,400,000.00		1,400,000.00
Prepaid fixed assets payments	1,640,966,885.38		1,640,966,885.38	1,640,966,885.38		1,640,966,885.38
Total	1,653,901,029.49		1,653,901,029.49	1,654,201,029.49		1,654,201,029.49

Other information

### 32. Short-term loan

#### (1) Short-term loan classification

Unit: RMB

Item	Closing balance	Opening balance
Credit loans	40,000,000.00	
Total	40,000,000.00	

Description of the classification of short-term loans:

#### (2) Overdue short-term loans

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

Unit: RMB

Borrower	Closing balance	Borrowing rates	Overdue time	Overdue interest rates
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Other information

### 33. Transactional financial liabilities

Unit: RMB

Item	Closing balance	Opening balance
Inc:		
Inc:		

Other information:

### 34. Derivative financial liabilities

Unit: RMB

Item	Closing balance	Opening balance
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Other information:



### 35. Notes payable

Unit: RMB

Category	Closing balance	Opening balance
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The amount of unpaid notes payable due by the end of current period is RMB 0.00.

### 36. Accounts payable

#### (1) List of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Start class fees	162,728,304.87	177,100,514.23
Fixed assets	43,112,000.00	43,112,000.00
Market promotion fees	5,892,528.23	29,539,866.76
Renovation costs	22,469,657.93	22,461,110.93
Project payments	16,240,016.01	14,874,901.84
Total	250,442,507.04	287,088,393.76

#### (2) Major accounts payable with account age over one year

Unit: RMB

Item	Closing balance	Causes for outstanding or carry-over
------	-----------------	--------------------------------------

Other information:

### 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 with account age over one year

Unit: RMB

Item	Closing balance	Causes for outstanding or carry-over
------	-----------------	--------------------------------------

Other information:

### 38. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Training fees received in advance	3,363,587,616.25	3,949,759,013.68
Other	8,586,365.56	40,525.03
Total	3,372,173,981.81	3,949,799,538.71

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. Payroll payable

#### (1) List of employee salaries payable

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term salary	512,775,974.48	808,899,941.97	1,145,937,885.79	175,738,030.66
II. Post-employment welfare- defined contribution plan liability	97,047,764.59	86,856,461.33	113,040,210.53	70,864,015.39
III. Dismissed welfare		1,013,214.06	1,013,214.06	
Total	609,823,739.07	896,769,617.36	1,259,991,310.38	246,602,046.05

#### (2) Short-term salary list

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	469,317,282.69	724,598,008.22	1,044,302,134.72	149,613,156.19
II. Staff welfare		779,045.84	779,045.84	
III. Social security contributions	17,670,609.99	50,579,178.11	63,478,121.33	4,771,666.77
Inc: 1. Medical insurance	15,846,448.75	48,377,330.45	61,154,578.77	3,069,200.43
2. Work injury insurance	1,786,113.77	1,783,749.18	1,869,376.61	1,700,486.34
3. Maternity insurance	38,047.47	418,098.48	454,165.95	1,980.00
IV. Housing fund	25,788,081.80	32,925,172.71	37,360,142.81	21,353,111.70
V. Labor union expenditure and employee education expenditure		18,537.09	18,441.09	96.00
Total	512,775,974.48	808,899,941.97	1,145,937,885.79	175,738,030.66

#### (3) Set deposit plan listing

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Basic endowment insurance	93,939,338.83	83,947,490.53	109,258,612.74	68,628,216.62
II. Unemployment insurance	3,108,425.76	2,908,970.80	3,781,597.79	2,235,798.77
Total	97,047,764.59	86,856,461.33	113,040,210.53	70,864,015.39

Other information

None

### 40. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Value-added tax	11,129,621.32	3,008,686.66
Corporate income tax	3,280,361.76	2,161,035.51
Withholding individual income tax	12,931.39	122,182.62
City maintenance and construction tax	780,180.48	229,372.72
Land use tax	2,197,088.80	1,987,843.38
Education surcharge	560,678.52	166,226.69
Property tax	2,384,342.72	1,845,218.31
Other	24,636.40	72,932.18
Total	20,369,841.39	9,593,498.07

Other information

None

#### 41. Other payable

Unit: RMB

Item	Closing balance	Opening balance
Other payable	2,091,514,542.12	1,096,787,345.65
Total	2,091,514,542.12	1,096,787,345.65

##### (1) Interest payable

Unit: RMB

Item	Closing balance	Opening balance
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Major overdue interest payable:

Unit: RMB

Borrower	Amount outstanding	Reason
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Other information:

##### (2) Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
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Other information including reasons for major dividends payable overdue for more than one year:

##### (3) Other accounts payable

###### 1) List of other payables by nature of payment

Unit: RMB

Item	Closing balance	Opening balance
Shareholder loan	1,956,240,000.00	959,240,000.00
Daily expenses	58,010,427.49	64,983,802.12
Equity transfer	61,283,300.00	61,283,300.00
Social security and housing fund	957,220.13	1,790,029.54
Deposits and guarantees	875,267.68	285,500.00
Advances and others	14,148,326.82	9,204,713.99
Total	2,091,514,542.12	1,096,787,345.65

###### 2) Major other payables with account age over one year

Unit: RMB

Item	Closing balance	Causes for outstanding or carry-over
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Other information:

#### 42. Held-for-sale liabilities

Unit: RMB

Item	Closing balance	Opening balance
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Other information:

#### 43. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Lease liabilities due within one year	447,202,888.69	578,821,921.03
Total	447,202,888.69	578,821,921.03

Other information:

#### 44. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Value-added tax received in advance	101,165,219.45	118,495,201.91
Total	101,165,219.45	118,495,201.91

Changes in short-term bonds payable

Unit: RMB

Name of bond	Par value	Date of issuance	Bond period	Amount of issuance	Opening balance	Issuance in the period	Interest accrued at par value	Premium and discount amortization	Repay in the period	Closing balance
Total										

Other information:

#### 45. Long-term borrowings

##### (1) Category of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
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Description of the classification of long-term loans:

Other information, including interest rate ranges:

#### 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 or perpetual bonds that are classified as financial liabilities)**

Unit: RMB

Name of bond	Par value	Date of issuance	Bond period	Amount of issuance	Opening balance	Issuance in the period	Interest accrued at par value	Premium and discount amortization	Repay in the period		Closing balance
Total											

**(3) Description of conversion conditions and conversion time of convertible corporate bonds**

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

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

Table of 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

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

Other information

**47. Lease liabilities**

Unit: RMB

Item	Closing balance	Opening balance
Houses and buildings	501,240,102.13	508,752,253.77
Total	501,240,102.13	508,752,253.77

Other information:

**48. Long-term payable**

Unit: RMB

Item	Closing balance	Opening balance

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

Unit: RMB

Item	Closing balance	Opening balance

Other information:

**(2) Special payable**

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason

Other information:

#### 49. Long-term employee compensation 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 previous period
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Plan assets:

Unit: RMB

Item	Amount in the current period	Amount in the previous period
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Net liabilities of defined benefit plan (net assets)

Unit: RMB

Item	Amount in the current period	Amount in the previous period
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Description of the defined benefit plan's contents, relevant risks and impact on the Company's cash flow, time and uncertainty:

Description of the analysis result of the define benefit plan's significant actuarial assumptions and sensitivity:

Other information:

#### 50. Estimated liabilities

Unit: RMB

Item	Closing balance	Opening balance	Reason
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Other information including relevant important assumptions and estimates of important projected liabilities:

#### 51. Deferred income

Unit: RMB

Item	Opening balance	Increase	Decrease	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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Other information:

## 52. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
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Other information:

## 53. Share capital

Unit: RMB

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

Other information:

## 54. Other equity instruments

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

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

Unit: RMB

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

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

Other information:

## 55. Capital reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Equity premium	1,225,481,049.50			1,225,481,049.50
Total	1,225,481,049.50			1,225,481,049.50

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

## 56. Treasury stock

Unit: RMB

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

## 57. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount in the current period						Closing balance
		Pre-tax amount for the period	Less: transferred to other comprehensive income in the previous period and transferred to profit or loss in the current period	Less: transferred to other comprehensive income in the previous period and transferred to retained earnings in the current period	Less: income tax expenses	Attributable to the parent company, after tax	Attributable to minority shareholders, after tax	
1. Other comprehensive income not reclassified into gains or losses	6,375,000.00							6,375,000.00
Changes in the fair value of other equity instruments	6,375,000.00							6,375,000.00
Total other comprehensive income	6,375,000.00							6,375,000.00

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

### 58. Special reserve

Unit: RMB

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

### 59. Surplus reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	45,000,000.00			45,000,000.00
Total	45,000,000.00			45,000,000.00

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

### 60. Undistributed profit

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Undistributed profits at the end of previous period before adjustment	-600,729,736.73	501,330,081.70
Undistributed profits at the beginning of the period after adjustment	-600,729,736.73	501,330,081.70
Add: net profit attributable to owners of the parent company in the current period	81,981,744.79	-890,931,710.33
Undistributed profits at the end of period	-518,747,991.94	-389,601,628.63

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: RMB 0.00.



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. Operating income and operating costs

Unit: RMB

Item	Amount in the current period		Amount in the previous period	
	Operating income	Operating costs	Operating income	Operating costs
Core business	1,709,619,356.64	746,698,623.85	2,216,651,869.28	1,589,663,422.60
Other business	18,719,090.11	10,333,165.83	10,053,092.83	20,165,220.08
Total	1,728,338,446.75	757,031,789.68	2,226,704,962.11	1,609,828,642.68

Information about income:

Unit: RMB

Types of Contracts	Section 1	Section 2		Total
Types of goods				
Inc:				
Classified by operating area				
Inc:				
Type of market or customer				
Inc:				
Contract type				
Inc:				
Classified by transfer time of goods				
Inc:				
Classified by contract term				
Inc:				
Classified by sales channel				
Inc:				
Total				

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 obligations with signed contracts at the end of the reporting period: RMB0.00. Among them, RMB0.00 is expected to be recognized as annual revenue, RMB0.00 is expected to

be recognized as annual revenue, and RMB0.00 is expected to be recognized as annual revenue.

Other information

## 62. Taxes and surcharges

Unit: RMB

Item	Amount in the current period	Amount in the previous period
City maintenance and construction tax	3,216,504.34	4,002,616.30
Education surcharge	2,277,324.05	2,849,598.95
Property tax	5,417,825.93	5,000,280.13
Land holding tax	4,328,987.51	4,188,848.40
Vehicle usage tax	83,500.00	78,531.98
Stamp tax	128,821.21	151,994.94
Other	75,594.37	124,017.73
<b>Total</b>	<b>15,528,557.41</b>	<b>16,395,888.43</b>

Other information:

## 63. Sales expenses

Unit: RMB

Item	Amount in the current period	Amount in the previous period
Employee's salary	220,667,528.42	518,526,442.34
Rent property and depreciation amortization	91,997,525.30	107,675,061.20
Marketing fee	21,778,238.97	44,876,180.22
Travel expenses	12,318,624.63	26,478,434.40
Other	5,163,940.83	4,209,908.57
<b>Total</b>	<b>351,925,858.15</b>	<b>701,766,026.73</b>

Other information:

## 64. Management expenses

Unit: RMB

Item	Amount in the current period	Amount in the previous period
Employee's salary	134,330,604.77	296,641,414.65
Rent property and depreciation amortization	68,032,387.18	78,840,943.95
Office expenses	42,217,121.24	63,880,868.57
Travel expenses	5,369,390.53	16,460,248.02
Welfare fee	255,946.96	1,113,243.95
Other	15,758,347.05	15,135,919.53
<b>Total</b>	<b>265,963,797.73</b>	<b>472,072,638.67</b>

Other information

## 65. Research and development expenses

Unit: RMB

Item	Amount in the current period	Amount in the previous period
Employee's salary	123,839,920.98	291,977,379.54
Travel expenses	3,091,530.36	5,443,455.92
Other	21,659,601.29	30,169,268.44
<b>Total</b>	<b>148,591,052.63</b>	<b>327,590,103.90</b>

Other information

## 66. Financial expenses

Unit: RMB

Item	Amount in the current period	Amount in the previous period
Interest expenses	19,002,573.04	57,847,785.61
Less: Interest income	251,376.39	5,702,074.59
Service Charge	49,353,409.57	90,505,577.80
Total	68,104,606.22	142,651,288.82

Other information

## 67. Other income

Unit: RMB

Item	Amount in the current period	Amount in the previous period
Subsidy for job security/Work-for-training/ Subsidies for training and employment	1,979,612.55	15,373,450.00
VAT exemption	3,142,616.02	6,597,067.60
Tax handling fee refund	2,211,758.78	5,170,874.49
Financial support		3,000,000.00
Small financial support income	38,000.00	60,686.00
Rent subsidy income	227,465.00	
Total	7,599,452.35	30,202,078.09

## 68. Investment income

Unit: RMB

Item	Amount in the current period	Amount in the previous period
Long-term equity investment income under the equity method	-5,994.31	-9,507,696.78
Dividend income from other equity instrument investments during the holding period	1,659,840.00	1,659,840.00
Interest income from debt investment during the holding period		5,879.99
Investment income from financial product	2,429.11	5,611,244.87
Total	1,656,274.80	-2,230,731.92

Other information:

## 69. Net exposure hedging income

Unit: RMB

Item	Amount in the current period	Amount in the previous period
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Other information:

## 70. Gains from changes in fair values

Unit: RMB

Sources of gains from changes in fair values	Amount in the current period	Amount in the previous period
Transactional financial assets		-3,435,742.21
Total		-3,435,742.21

Other information:

### 71. Impairment losses of credit

Unit: RMB

Item	Amount in the current period	Amount in the previous period
Loss on bad debts of other receivables	-10,317,533.07	-6,441,965.76
Loss on bad debts of account receivables	-2,270,152.50	-1,552,281.45
Total	-12,587,685.57	-7,994,247.21

Other information:

### 72. Impairment losses of assets

Unit: RMB

Item	Amount in the current period	Amount in the previous period
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Other information:

### 73. Income from assets disposal

Unit: RMB

Sources of income from assets disposal	Amount in the current period	Amount in the previous period
Right-of-use assets	-3,310,651.17	58,877.23
Total	-3,310,651.17	58,877.23

### 74. Non-operating income

Unit: RMB

Item	Amount in the current period	Amount in the previous period	Amount included in current non-recurring gains and losses
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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 previous period	Related to assets/income
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Other information:

### 75. Non-operating expenses

Unit: RMB

Item	Amount in the current period	Amount in the previous period	Amount included in the current non-recurring gains or losses
Outward donation	50,003.00	100,000.46	50,003.00
Forfeiture and overdue fine	264,725.01	4,191,688.08	264,725.01
Expenses on compensations		80,699.65	
Total	314,728.01	4,372,388.19	314,728.01

Other information:

## 76. Income tax expenses

### (1) Statement of income tax expenses

Unit: RMB

Item	Amount in the current period	Amount in the previous period
Current income tax expense	891,982.45	-3,704,622.95
Deferred income tax expense	31,361,762.35	-136,732,331.69
Total	32,253,744.80	-140,436,954.64

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

Unit: RMB

Item	Amount in the current period
Total profit	114,235,447.33
Income tax expenses calculated at statutory/applicable tax rate(s)	17,135,317.10
Impact from different tax rates applied by subsidiaries	-4,641,948.05
Impact from adjustment of income tax of previous periods	-28,079.59
Impact from non-taxable income	-414,960.00
Impact from non-deductible cost, expense and loss	9,257,697.93
The effect of using deductible losses on deferred tax assets not recognized in the prior period	-1,394,451.60
Impact from deductible temporary differences or deductible losses of deferred income tax assets unrecognized in the current period	12,801,787.55
Profit and loss attributable to joint ventures and associates	1,498.58
Expense of income tax	32,253,744.80

Other information:

## 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 in the current period	Amount in the previous period
Deposits and guarantees	2,769,683.55	4,412,165.36
Interest income	251,376.39	5,702,074.59
Other income and non-operating income	4,456,836.33	23,600,909.94
Reserve funds	10,993,656.72	9,474.40
Reimbursed expenses and others	4,891,702.95	1,380,773.98
Total	23,363,255.94	35,105,398.27

Information of cash received from other operating activities:

## (2) Other cash paid related to operating activities

Unit: RMB

Item	Amount in the current period	Amount in the previous period
Daily expenses	167,441,521.25	166,639,952.75
Service charges	33,877,298.48	124,426,309.89
Non-operating expenses	314,728.01	4,372,388.19
Deposits and guarantees	5,369,415.91	3,799,495.48
Reserve funds	11,236,261.17	18,269.40
Total	218,239,224.82	299,256,415.71

Information of cash paid for other operating activities:

## (3) Other cash received related to investment activities

Unit: RMB

Item	Amount in the current period	Amount in the previous period

Information of cash received from other investment activities:

## (4) Other cash paid related to investment activities

Unit: RMB

Item	Amount in the current period	Amount in the previous period

Information of cash paid for other investment activities:

## (5) Other cash received related to fundraising activities

Unit: RMB

Item	Amount in the current period	Amount in the previous period
Shareholder loan	997,000,000.00	
Total	997,000,000.00	

Description of other cash received related to financing activities:

## (6) Other cash paid related to fundraising activities

Unit: RMB

Item	Amount in the current period	Amount in the previous period
Cash paid to repay principal and interest on lease liability	137,184,566.54	245,945,251.57
Total	137,184,566.54	245,945,251.57

Description of other cash paid related to financing activities:

**79. Supplementary information on cash flow statement**

## (1) Supplementary information on cash flow statement

Unit: RMB

Supplementary information	Amount for the current period	Amount for the previous period
1. Net profit adjusted to cash flow of operating activities:		
Net profit	81,981,702.53	-890,934,826.69

Add: Provision for impairment of assets		
Expected credit loss	12,587,685.57	7,994,247.21
Depreciation of fixed assets, depletion of oil and gas assets and productive biological assets	59,183,617.44	60,858,950.72
Depreciation of right-of-use assets	216,737,662.37	263,779,532.46
Amortization of intangible assets	19,104,147.03	12,366,582.06
Amortization of long-term prepaid expenses	42,803,472.18	48,905,197.74
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by “-”)	3,310,651.17	-58,877.23
Losses on write-off of fixed assets (gains are indicated by “-”)		
Losses on changes in fair values (gains are indicated by “-”)		3,435,742.21
Financial expenses (income is indicated by “-”)	19,002,573.04	57,847,785.61
Losses from investments (gains are indicated by “-”)	-1,662,269.11	2,230,731.92
Decrease in deferred tax assets (increase is indicated by “-”)	-102,318,255.42	-134,921,445.36
Increase in deferred income tax liabilities (decrease is indicated by “-”)	133,680,017.77	-1,810,886.33
Decrease in inventories (increase is indicated by “-”)		
Decrease in operating receivables (increase is indicated by “-”)	-377,885.29	21,593,531.28
Increase in operating payables (decrease is indicated by “-”)	-1,012,845,301.95	1,581,696,145.72
Others		
Net cash flow from operating activities	-528,812,182.67	1,032,982,411.32
2. Significant investment and financing activities that do not involve 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	751,759,560.57	1,125,192,888.93
Less: Opening balance of cash	380,885,899.37	1,969,806,009.56
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase of cash and cash equivalents	370,873,661.20	-844,613,120.63

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

Unit: RMB

	Amount
Inc:	
Inc:	
Inc:	

Other information:

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

Unit: RMB

	Amount
Inc:	
Inc:	
Inc:	

Other information:

## (4) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	751,759,560.57	380,885,899.37
Including: Cash on hand	131,851.52	35,788.65
Cash on bank available for payment at any time	720,138,733.35	375,174,194.00
Other monetary funds available for payment at any time	31,488,975.70	5,873,826.32
III. Closing balance of cash and cash equivalent	751,759,560.57	380,885,899.37

Other information:

**80. Notes 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:

**81. Assets with restricted ownership or rights of use**

Unit: RMB

Item	Closing book value	Reason for restriction
Monetary funds	4,244,739.17	Guarantees, outstanding/unreconciled accounts, judicial freeze, etc
Total	4,244,739.17	

Other information:

**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
Monetary funds			
Including: U.S. dollar			
Euro			
Hong Kong dollar			
Accounts receivable			
Including: U.S. dollar			
Euro			
Hong Kong dollar			
long-term loan			
Including: U.S. dollar			
Euro			
Hong Kong dollar			

Other information:

None



(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 also be revealed if the recording currency changes.

Applicable  Not applicable

### 83. Hedging

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

None

### 84. Government subsidies

(1) General information of Government subsidies

Unit: RMB

Types	Amount	Listed items	Amount included in current gains and losses
Subsidy for job security/Work-for-training/ Subsidies for training and employment	1,979,612.55	Other income	1,979,612.55
Small financial support income from the government	38,000.00	Other income	38,000.00
Rent subsidy income	227,465.00	Other income	227,465.00
Total	2,245,077.55		2,245,077.55

(2) Refund of government subsidies

Applicable  Not applicable

Other information:

### 85. Others

None

## Section VIII. Changes in the consolidation scope

### 1. Business combination not under common control

(1) Business combination 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	Net profit of the acquiree from the purchase date to the end of the
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								period	period
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Other information:

(2) Merger costs and goodwill

Unit: RMB

Merger costs	
--Cash	
--Fair value of non-cash assets	
--Fair value of debt issued or assumed	
--Fair value of equity securities issued	
--Fair value of contingent consideration	
--Fair value of the equity held before the purchase date on the purchase date	
--Others	
Total merger costs	
Less: Acquired share of fair value of identifiable net assets	
Amount of goodwill/merger cost less than the fair value share of identifiable net assets acquired	

Description of the method of determining the fair value of the combination cost, the contingent consideration and its changes:

The main reasons for the formation of large amount of goodwill:

Other information:

(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
<b>Assets:</b>		
Monetary funds		
Receivables		
Inventory		
Fixed assets		
Intangible assets		
<b>Liabilities:</b>		
Loan		
Payables		
Deferred income tax liabilities		
Net assets		
Less: minority shareholders' equity		
Net assets acquired		

Method of determining the fair value of identifiable assets and liabilities:

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

Other information:

(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

(6) Other information

## 2. Business combination under common control

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

Unit: RMB

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

Other information:

(2) Merger costs

Unit: RMB

Merger costs	
--Cash	
--Book value of non-cash assets	
--Book value of debt issued or assumed	
--The face value of equity securities issued	
--Contingent consideration	

Descriptions for the contingent consideration and its changes:

Other information:

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

Unit: RMB

	Combination date	End of the previous period
Assets:		

Monetary funds		
Receivables		
Inventory		
Fixed assets		
Intangible assets		
Liabilities:		
Loan		
Payables		
Net assets		
Less: minority shareholders' equity		
Net assets acquired		

Contingent liabilities of the merged party assumed in the business combination:

Other information:

### 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 amount of equity adjusted and its calculation method when treated as equity transactions:

### 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 (for example, newly established subsidiaries, liquidation of subsidiaries) and the relevant circumstances:

Name of subsidiaries	Shareholding ratio (%)	Reasons for changes
1. Tianjin Wuqing Offcn Leqing Training School Co., Ltd.	100	New establishment

### 6. Others

None

**Section IX. Interest in other entities**
**1. Interest in subsidiaries**
**(1) Composition of the Company**

Name of subsidiaries	Principal place of business	Place of registration	Nature of business	Shareholding ratio		Acquisition method
				Direct	Indirect	
1. Offcn Ltd.	Beijing	Beijing	Service Industry	100.00%		Reverse purchase
2. Wuhu Yawei Automobile Sales Service Co., Ltd	Wuhu	Wuhu	Merchandise sales, etc.	100.00%		New establishment
3. Ningguo Yaxia Automobile Driver Training School Co., Ltd.	Ningguo	Ningguo	Service Industry	100.00%		New establishment
4. Huangshan Yaxia Fudi Automobile Sales Services Co., Ltd.	Huangshan	Huangshan	Merchandise sales, etc.	100.00%		New establishment
5. Chaohe Yaxia Kaixuan Automobile Sales Services Co., Ltd.	Hefei	Hefei	Merchandise sales, etc.	100.00%		New establishment
6. Bozhou Yaxia Automobile Driver Training School Co., Ltd.	Bozhou	Bozhou	Service Industry	100.00%		New establishment
7. Suzhou Bokai Automobile Sales Services Co., Ltd.	Suzhou	Suzhou	Merchandise sales, etc.	100.00%		Acquisition
8. Shaanxi Offcn Education Technology Co. Ltd.	Xi'an	Xi'an	Service Industry	100.00%		New establishment
9. Chengdu Offcn Future Education Training School Co. Ltd.	Chengdu	Chengdu	Service Industry	100.00%		New establishment
10. Lu'an Yazhong Real Estate Information Consulting Co., Ltd.	Lu'an	Lu'an	Real estate	100.00%		Acquisition
11. Lu'an Zhongke Real Estate Information Consulting Co., Ltd.	Lu'an	Lu'an	Real estate	100.00%		Acquisition
12. Sichuan Offcn Luming Culture Media Co., Ltd.	Chengdu	Chengdu	Culture, sports and entertainment	100.00%		New establishment
13. Zhejiang Offcn Education Technology Co. Ltd.	Hangzhou	Hangzhou	Service Industry		100.00%	New establishment
14. Taizhou Offcn Future Enterprise Management Consulting Co., Ltd.	Taizhou	Taizhou	Service Industry		100.00%	New establishment
15. Wenling Offcn Information Consulting Co., Ltd.	Wenling	Wenling	Service Industry		100.00%	New establishment
16. Beijing Offcn Xinzhixu Online Technology Co., Ltd.	Beijing	Beijing	Service Industry		100.00%	New establishment
17. Hulun Buir Hailar Offcn Education Information Consulting Co., Ltd.	Hulun Buir	Hulun Buir	Service Industry		100.00%	New establishment
18. Xilinhot Offcn Future Education Consulting Co., Ltd.	Xilinhot	Xilinhot	Service Industry		100.00%	New establishment
19. Yueqing Lecheng Offcn Training Center Co., Ltd.	Yueqing	Yueqing	Service Industry		100.00%	New establishment
20. Jiaozuo Offcn Future Education Service Co., Ltd.	Jiaozuo	Jiaozuo	Service Industry		100.00%	New establishment
21. Xinzhen Offcn Cultural Communication Co., Ltd.	Zhengzhou	Zhengzhou	Service Industry		100.00%	New establishment

22. Chongqing Jiangbei Offcn Vocational Examination Training Co., Ltd.	Chongqing	Chongqing	Service Industry		100.00%	New establishment
23. Nanning Offcn Future Education Consulting Co., Ltd.	Nanning	Nanning	Service Industry		100.00%	New establishment
24. Baiyin Offcn Future Education Consulting Co., Ltd.	Baiyin	Baiyin	Service Industry		100.00%	New establishment
25. Beijing Xindezhuyuan Enterprise Management Consulting Co., Ltd.	Beijing	Beijing	Service Industry		100.00%	New establishment
26. Nanjing Huiyue Hotel Management Co., Ltd.	Nanjing	Nanjing	Service Industry		100.00%	Acquisition
27. Shandong Kunzhong Yuhua Technology Co., Ltd.	Jinan	Jinan	Service Industry		100.00%	Acquisition
28. Sanmenxia Offcn Cultural Communication Co., Ltd.	Sanmenxia	Sanmenxia	Service Industry		100.00%	New establishment
29. Liaoning Offcn Academic & Cultural Exchange Co., Ltd.	Shenyang	Shenyang	Service Industry		100.00%	New establishment
30. Liaoning Offcn Education Technology Co., Ltd.	Shenfu new district	Shenfu new district	Service Industry		100.00%	New establishment
31. Shandong Offcn Education Technology Co., Ltd.	Qingdao	Qingdao	Service Industry		100.00%	New establishment
32. Jilin Changyi Offcn Education Training School Co., Ltd.	Jilin	Jilin	Service Industry		100.00%	New establishment
33. Yuxi Offcn Training School Co., Ltd.	Yuxi	Yuxi	Service Industry		100.00%	New establishment
34. Tonghua Offcn Training School Co., Ltd.	Tonghua	Tonghua	Service Industry		100.00%	New establishment
35. Hunan Lightsalt Offcn Education Technology Co., Ltd.	Changsha	Changsha	Service Industry		90.00%	New establishment
36. Tianjin Hexi Offcn Training School Co., Ltd.	Tianjin	Tianjin	Service Industry		100.00%	New establishment
37. Tianjin Jinnan Offcn Lexue Training School Co., Ltd.	Tianjin	Tianjin	Service Industry		100.00%	New establishment
38. Tianjin Baodi Offcn Lexiang Training School Co., Ltd.	Tianjin	Tianjin	Service Industry		100.00%	New establishment
39. Tianjin Jizhou Offcn Lecheng Training School Co., Ltd.	Tianjin	Tianjin	Service Industry		100.00%	New establishment
40. Chengdu Offcn Education Training School Co., Ltd.	Chengdu	Chengdu	Service Industry		100.00%	New establishment
41. Shandong Zhuoda Business Management Co., Ltd.	Rizhao	Rizhao	Service Industry		100.00%	New establishment
42. Liaoning Zhongcheng Real Estate Development Co., Ltd.	Shenfu new district	Shenfu new district	Real estate		100.00%	Acquisition
43. Wuhu Offcn Training School Co., Ltd.	Wuhu	Wuhu	Service Industry		100.00%	New establishment
44. Wuhan Guoshang Human Resource Service Co., Ltd.	Wuhan	Wuhan	Service Industry		100.00%	New establishment
45. Jinan Zhangqiu Offcn Training School Co., Ltd.	Jinan	Jinan	Service Industry		100.00%	New establishment
46. Mengzi Offcn Education Technology Co., Ltd.	Mengzi	Mengzi	Service Industry		100.00%	New establishment

47.Beijing Offcn Technology Development Co.,Ltd.	Beijing	Beijing	Service Industry		100.00%	New establishment
48.Shanghai Offcn Education Technology Co.,Ltd.	Shanghai	Shanghai	Service Industry		100.00%	New establishment
49.Guangzhou Offcn Intelligence Education Technology Co.,Ltd.	Guangzhou	Guangzhou	Service Industry		100.00%	New establishment
50.Nantong Sigang Huizhi Technology Co., Ltd.	Nantong	Nantong	Culture, sports and entertainment		51.00%	New establishment
51.Pingshan Offcn Education Technology Co.,Ltd.	Shijiazhuang	Shijiazhuang	Service Industry		100.00%	New establishment
52.Shandong Offcn Education Training School Co.,Ltd.	Jinan	Jinan	Service Industry		100.00%	New establishment
53.Lanzhou Offcn Education Training School Co.,Ltd.	Lanzhou	Lanzhou	Service Industry		100.00%	New establishment
54.Anshan Tiedong Offcn Education Training School Co., Ltd.	Anshan	Anshan	Service Industry		100.00%	New establishment
55.Diqing Offcn Training School Co., Ltd.	Diqing Prefecture	Diqing Prefecture	Service Industry		100.00%	New establishment
56.Dali Offcn Education Training School Co., Ltd.	Dali	Dali	Service Industry		100.00%	New establishment
57.Harbin Nangang Offcn Education Training School Co., Ltd.	Harbin	Harbin	Service Industry		100.00%	New establishment
58.Nujiang Offcn Training School Co., Ltd.	Nujiang prefecture	Nujiang prefecture	Service Industry		100.00%	New establishment
59.Weixi Offcn Education Training School Co., Ltd.	Weixi County	Weixi County	Service Industry		100.00%	New establishment
60.Beijing Offcn Century Education Technology Co., Ltd.	Beijing	Beijing	Service Industry		100.00%	New establishment
61.Beijing Offcn Shengjing Education Technology Co., Ltd.	Beijing	Beijing	Service Industry		100.00%	New establishment
62.Henan Offcn Education Consulting Co., Ltd.	Zhengzhou	Zhengzhou	Service Industry		100.00%	New establishment
63.Lhasa Offcn Training School Co., Ltd.	Lasa	Lasa	Service Industry		100.00%	New establishment
64.Tianjin Offcn Technology Co., Ltd.	Tianjin	Tianjin	Service Industry		100.00%	New establishment
65.Tianjin Wuqing Offcn Leqing Training School Co., Ltd.	Tianjin	Tianjin	Service Industry		100.00%	New establishment

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

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:

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

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

Other information:

**(2) Major 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 percentage of the minority shareholders' shareholding and the voting rights percentage:

Other information

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

Unit: RMB

Name of the subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total Liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total Liabilities

Unit: RMB

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

Other information:

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

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

Other information:

**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

(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	
-- Cash	
-- Fair value of non-cash assets	
Total Purchase cost/Disposal consideration	
Less: Share of the subsidiary's net assets in proportion to the equity acquired/disposed of	



Difference	
Including: Adjustments to capital surplus	
Adjustments to surplus reserves	
Adjustments to undistributed profits	

Other information:

### 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:

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:

#### (2) Main financial information of important joint ventures

Unit: RMB

	Closing balance / Amount for the current period	Opening balance/ Amount for the previous period
Current assets		
Including: cash and cash equivalents		
Non-current assets		
Total assets		
Current liabilities		
Non-current liabilities		
Total Liabilities		
Minority shareholders' equity		
Shareholders' equity attributable to the parent company		
Share of net assets based on shareholding		
Adjusting events		
--Goodwill		
--Unrealised profits from internal transactions		
--Other		
Book value of the equity investment in the joint venture		
Fair value of an equity investment in a joint venture where there is a public offer		

Operating income		
Financial expenses		
Income tax expenses		
Net profit		
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income		
Dividends received from joint ventures during the year		

Other information

### (3) Main financial information of important associates

Unit: RMB

	Closing balance / Amount for the current period	Opening Balance/ Amount for the previous period
Current assets:		
Non-current liabilities:		
Total assets		
Current liabilities		
Non-current liabilities:		
Total Liabilities		
Minority shareholders' equity		
Shareholders' equity attributable to the parent company		
Share of net assets based on shareholding		
Adjusting events		
--Goodwill		
--Unrealised profits from internal transactions		
--Other		
Book value of the equity investment in associates		
Fair value of an equity investment in associates where there is a public offer		
Operating income		
Net profit		
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income		
Dividends received from associates during the year		

Other information

(4) Financial information of unimportant joint ventures and associates

Unit: RMB

	Closing balance / Amount for the current period	Opening Balance/ Amount for the previous period
Joint ventures:		
Total of the following items calculated by shareholding ratio		
Associates:		
Total of the following items calculated by shareholding ratio		

Other information

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

(6) Excess losses incurred by joint ventures or associates

Unit: RMB

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

Other information

#### 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:

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

Other information:

#### 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:

#### 6. Others

### Section X. Risks associated with financial instruments

The Company's main financial instruments include monetary funds, transactional financial assets, accounts receivable, other receivables, debt investments, other equity investment, and other non-current financial assets, etc.

The risks associated with these financial instruments and the risk management policies adopted by the Company to reduce these risks described below. The Company's management manages and monitors these risk exposures to ensure that the risks are confined to a defined range.

Risk management objectives and policies: The Company's risk management is to strike a 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 supervise and confine various risks to a certain range.

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

#### 1. Classification of financial instruments

##### 1.1 Book value of various financial assets on the balance sheet date

(1) June 30, 2023

Unit: RMB

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	Total
Monetary funds	756,004,299.74			<u>756,004,299.74</u>
Accounts receivable	37,615,251.32			<u>37,615,251.32</u>
Other receivables	183,380,449.84			<u>183,380,449.84</u>
Investment in other equity instruments			121,300,000.00	<u>121,300,000.00</u>
Other non-current financial assets		27,680,000.00		<u>27,680,000.00</u>

(2) December 31, 2022

Unit: RMB

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	Total
Monetary funds	385,328,555.74			<u>385,328,555.74</u>
Accounts receivable	37,323,682.88			<u>37,323,682.88</u>
Other receivables	193,617,379.76			<u>193,617,379.76</u>
Other current assets	1,661.55			<u>1,661.55</u>
Investment in other equity instruments			121,300,000.00	<u>121,300,000.00</u>

Other non-current financial assets		27,680,000.00		<u>27,680,000.00</u>
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## 1.2 Book value of various financial liabilities on the balance sheet date

(1) June 30, 2023

Unit: RMB

Item	Financial liabilities measured at fair value and with variation reckoned into current gains/losses	Other financial liabilities	Total
Short-term borrowings		40,000,000.00	<u>40,000,000.00</u>
Accounts payable		250,442,507.04	<u>250,442,507.04</u>
Other payables		2,091,514,542.12	<u>2,091,514,542.12</u>
Non-current liabilities due within one year		447,202,888.69	<u>447,202,888.69</u>
lease liability		501,240,102.13	<u>501,240,102.13</u>

(2) December 31, 2022

Unit: RMB

Item	Financial liabilities measured at fair value and with variation reckoned into current gains/losses	Other financial liabilities	Total
Accounts payable		287,088,393.76	<u>287,088,393.76</u>
Other payables		1,096,787,345.65	<u>1,096,787,345.65</u>
Non-current liabilities due within one year		578,821,921.03	<u>578,821,921.03</u>
lease liability		508,752,253.77	<u>508,752,253.77</u>

## 2. Credit risk

The financial assets of the Company include monetary funds, transactional financial assets, accounts receivable, other receivables, etc. The credit risk of these financial assets is caused by the default of the counterparty. The maximum risk exposure is equal to the book amount of these instruments, including:

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

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

## 3. Liquidity risk

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

company's operations.

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

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

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

Unit: RMB

Item	June 30, 2023			
	Within 1 year	1-5 years	Over 5 years	Total
Short-term borrowings	40,000,000.00			<u>40,000,000.00</u>
Accounts payable	250,442,507.04			<u>250,442,507.04</u>
Other payables	2,091,514,542.12			<u>2,091,514,542.12</u>
Non-current liabilities due within one year	447,202,888.69			<u>447,202,888.69</u>
Lease liability		463,602,085.13	37,638,017.00	<u>501,240,102.13</u>
Item	December 31, 2022			
	Within 1 year	1-5 years	Over 5 years	Total
Accounts payable	287,088,393.76			<u>287,088,393.76</u>
Other payables	1,096,787,345.65			<u>1,096,787,345.65</u>
Non-current liabilities due within one year	595,905,159.21			<u>595,905,159.21</u>
lease liability		504,849,923.25	37,638,017.00	<u>542,487,940.25</u>

#### 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. Transactional financial asset		1,000,000.00	27,680,000.00	28,680,000.00
(1) Financial asset at fair value through profit or loss		1,000,000.00	27,680,000.00	28,680,000.00
① Debt instruments		1,000,000.00	27,680,000.00	28,680,000.00
3. Other equity instruments			121,300,000.00	121,300,000.00
Total assets measured continuously at fair value		1,000,000.00	148,980,000.00	149,980,000.00
II. Non-continuous fair value measurement	--	--	--	--

## **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 ongoing second-level fair value measurement items are mainly financial products, which adopt the discounted cash flow method and consider the expected rate of return to determine the fair value.

## **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 ongoing third-level fair value measurement items are mainly non-trading equity instrument investments and debt instrument investments, using the market method and taking into account liquidity discounts to determine fair value.

None.

## **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 time point of the conversion 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 related 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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Explanation of the parent company of the Company

The Company is ultimately controlled by Li Yongxin and Lu Zhongfang. As of June 30, 2023, the combined shareholding of Li Yongxin and Lu Zhongfang accounted for 17.10% of the Company's share capital.

Other explanation:

### 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
Offcn Xietong (Jiaxing) Human Resources Co., Ltd.	Joint ventures
Beijing Offcn Future Education Technology Co., Ltd.	Associates

Other information:

### 4. Other related parties of the Company

Name of other related parties	Relationship between other related parties and the Company
Li Yongxin	Actual controller
Lu Zhongfang	Person acting in concert with the actual controller
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
Chen Yuqin	Independent director of the Company
Jiang Tao	Independent director of the Company
Zhang Xuanming	Independent director of the Company
Yu Hongwei	Supervisor of the Company
Li Wen	Supervisor of the Company
He Di	Supervisor of the Company
He Youli	Senior management of the Company
Gui Hongzhi	Senior management of the Company
Luo Xue	Senior management of the Company
Shenyang Lijing Mingzhu Hotel Management Co., Ltd.	A company controlled by the directors of the Company
Beijing Taifu Hotel Management Co., Ltd.	A company controlled by the directors of the Company
Beijing Chuangsheng Construction Decoration Engineering Co., Ltd.	A company controlled by the directors of the Company
Shanghai Beiding Network Technology Co., Ltd.	A company controlled by the directors of the Company
Ji'an Jingkai Lixiangxue Financial Information Service Co., Ltd.	A company controlled by the directors of the Company
Shaanxi Guancheng Industrial Co., Ltd.	A company controlled by the directors of the Company
Beijing Qianqiu Intelligence Book & Media Co., Ltd.	Same ultimate controller
Beijing Haidian Offcn Training School	Same ultimate controller
Beijing Haidian Baoquan Financial Training Centre	Same ultimate controller
Zhanjiang Xiashan Offcn Training Centre	Same ultimate controller
Haikou Meilan Offcn Training School	Same ultimate controller
Baoding Lianchi Offcn Training School	Same ultimate controller
Cangzhou Yunhe Offcn Training School	Same ultimate controller
Handan Congtai Offcn Training School	Same ultimate controller
Tangshan Lunan Offcn Training School	Same ultimate controller
Heihe Aihui Offcn Training Centre	Same ultimate controller
Chifeng Hongshan Offcn Training Centre	Same ultimate controller
Leshan Shizhong Offcn Training School	Same ultimate controller
Kiamusze Offcn Training School	Same ultimate controller
Mudanjiang Xi'an Offcn Training School	Same ultimate controller
Urumchi Saybagh Offcn Training Centre	Same ultimate controller
Yiyang Heshan Offcn Training School	Same ultimate controller
Shaoyang Shuangqing Offcn Training School	Same ultimate controller
Chengdu Wuhou Offcn Training School	Same ultimate controller

Other information:

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

## 5. Related-party transactions

(1) Related transactions in the purchase and sale of goods, and 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
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Zhanjiang Xiashan Offcn Training Centre	Joint school running	180,000.00		N	160,000.00
Mudanjiang Xi'an Offcn Training School	Joint school running	24,000.00		N	24,500.00
Baoding Lianchi Offcn Training School	Joint school running	20,000.00		N	70,000.00
Handan Congtai Offcn Training School	Joint school running	15,000.00		N	55,000.00
Cangzhou Yunhe Offcn Training School	Joint school running	12,000.00		N	30,000.00
Leshan Shizhong Offcn Training School	Joint school running			N	45,000.00
Tangshan Lunan Offcn Training School	Joint school running			N	40,000.00
Kiamusze Offcn Training School	Joint school running			N	21,500.00
Heihe Aihui Offcn Training Centre	Joint school running			N	9,000.00
Ji'an Jingkai Lixiangxue Financial Information Service Co., Ltd.	Service charge			N	53,826,973.44

## 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	1,323,584.91	1,682,075.47

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

**(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
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Explanations for related entrustment and contracting:

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/outsourcing fee	Custody/outsourcing fee confirmed in this period
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Explanations for related management and outsourcing

### (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
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The Company as the lessee:

Unit: RMB

Name of lessor	Category	Rental charges for short-term leases and leases of low-value assets with simplified processing (if applicable)		Variable lease payments not included in the measurement of the lease liability (if applicable)		Rent paid		Interest expense on lease liability		Increased right-of-use assets	
		Amount for this period	Amount for the previous period	Amount for this period	Amount for the previous period	Amount for this period	Amount for the previous period	Amount for this period	Amount for the previous period	Amount for this period	Amount for the previous period
Shenyang Lijing Mingzhu Hotel Management Co., Ltd.	Operating lease					25,030,700.00		1,057,846.24	1,065,185.72	0.00	0.00

Explanations of related lease

### (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
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Explanations of related guarantees

### (5) Borrowing from related parties

Unit: RMB

Related party	Amount	Start date	Expiration date	Description
Borrowed:				
Lu Zhongfang	837,000,000.00	Nov. 4, 2022	Nov. 4, 2023	
Lu Zhongfang	160,000,000.00	Dec. 6, 2022	Dec. 6, 2023	
Lent:				

### (6) Related parties of assets transfer and debt restructuring

Unit: RMB

Related party	Content of the related party transaction	Amount for the current period	Amount for the previous period

### (7) Remuneration for key management personnel

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Remuneration for key management personnel	2,389,966.84	2,410,085.37

### (8) Other related transactions

## 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 receivables	Beijing Qianqiu Intelligence Book & Media Co., Ltd.	1,403,000.00			
Other receivables	Shenyang Lijing Mingzhu Hotel Management Co., Ltd.	5,675,200.00		5,675,200.00	
Other non-current assets	Beijing Offcn Future Education Technology Co., Ltd.	1,618,411,145.38		1,618,411,145.38	
Total		1,625,489,345.38		1,624,086,345.38	

### (2) Payables

Unit: RMB

Item	Related party	Closing book balance	Opening book balance
Accounts payables	Shaanxi Guancheng Industrial Co., Ltd.	43,060,000.00	43,060,000.00
Accounts payables	Beijing Chuangsheng Construction Decoration Engineering Co., Ltd.	14,506,981.00	14,506,981.00
Other payables	Lu Zhongfang	1,956,240,000.00	959,240,000.00
Other payables	Ji'an Jingkai Lixiangxue Financial Information Service Co., Ltd.		14,383,404.77
Total		2,013,806,981.00	1,031,190,385.77

## 7. Commitments of related parties

### 8. Others

## Section XIII. Share-based payment

### 1. Overview of share-based payment

Applicable  Not applicable

### 2. Equity-settled share payments

Applicable  Not applicable

### 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

None

## 2. Contingencies

### (1) Important contingencies on balance sheet date

As of June 30, 2023, the Company was involved in a dispute over liability for securities misrepresentation sued by some investors, and according to the litigation process arrangement of the Beijing Financial Court, the court did not deliver the complaint and all the litigation materials of the above case to the Company, so the Company could not fully sort out the litigation amount and could not estimate the amount of losses that the Company might incur as a result.

### (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

### 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

#### 2. Profit distribution

None

#### 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	Report item of the affected	Cumulative impact

		comparison period	
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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

Other information:

None

**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.

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Main business	1,709,619,356.64	2,216,651,869.28
Including: education and training	1,709,619,356.64	2,216,651,869.28
Other businesses	18,719,090.11	10,053,092.8
<u>Total</u>	<u>1,728,338,446.75</u>	<u>2,226,704,962.11</u>

② Total foreign transaction income obtained by the Company from its own country and from other countries or regions.

Unit: RMB

Area	Amount for the current period	Amount for the previous period
Domestic area	1,728,338,446.75	2,226,704,962.11
<u>Total</u>	<u>1,728,338,446.75</u>	<u>2,226,704,962.11</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	
Including:										
Accounts receivables for which bad debt	31,157,007.42	100.00%	6,200,866.98	19.90%	24,956,140.44	31,157,007.42	100.00%	4,672,023.07	15.00%	26,484,984.35



provision has been assessed by credit risk portfolios										
Including:										
Combination 3	31,157,007.42	100.00%	6,200,866.98	19.90%	24,956,140.44	31,157,007.42	100.00%	4,672,023.07	15.00%	26,484,984.35
Total	31,157,007.42	100.00%	6,200,866.98		24,956,140.44	31,157,007.42	100.00%	4,672,023.07		26,484,984.35

Bad debt provision assessed by credit risk portfolios: RMB 6,200,866.98

Unit: RMB

Item	Closing balance		
	Book balance	Bad debt provision	Proportion
Combination 3	31,157,007.42	6,200,866.98	19.90%
Total	31,157,007.42	6,200,866.98	

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

Applicable  Not applicable

Disclosure by account age

Unit: RMB

Account age	Closing balance
1-2 years	7,945,744.39
2-3 years	15,570,863.62
More than 3 years	7,640,399.41
3-4 years	7,640,399.41
Total	31,157,007.42

## (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	
Bad debts provision for of accounts receivables	4,672,023.07	1,528,843.91				6,200,866.98
Total	4,672,023.07	1,528,843.91				6,200,866.98

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

Unit: RMB

Name of institutions	Amount of recovery or reversal	Method of recovery
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**(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	written-off procedure implemented	Whether the account receivables was generated from related transactions
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Statement of receivables written-off:

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

Unit: RMB

Creditor	Closing balance of accounts receivable	Proportion to the ending balance of accounts receivable	Closing balance of bad debt provision
Yaxia Industrial	31,141,726.98	99.95%	6,199,338.94
Chuzhou Xinqiao Motor Vehicle Brokerage Service Co., Ltd.	10,120.20	0.03%	1,012.02
Chuzhou Dongfangzhilian Logistics Co., Ltd.	5,160.24	0.02%	516.02
Total	31,157,007.42	100.00%	

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

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

Other information:

**2. Other receivables**

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	24,823,587.35	22,848,853.79
Total	24,823,587.35	22,848,853.79

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

Unit: RMB

Item	Closing balance	Opening balance
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**2) Important overdue interest**

Unit: RMB

Borrower	Closing balance	Overdue time	Reason	Whether impairment occurs and the judgment basis
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Other information:

**3) Bad debt provision**
 Applicable  Not applicable

**(2) Dividends receivables**
**1) Classification of dividends receivables**

Unit: RMB

Project (or investee)	Closing balance	Opening balance
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**2) Important dividend receivables with account age over 1 year**

Unit: RMB

Project (or investee)	Closing balance	Account age	Cause of recovery failure	Whether impairment occurs and the judgment basis
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**3) Bad debt provision**
 Applicable  Not applicable

Other information:

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

Unit: RMB

Item	Closing balance	Opening balance
Current payment	24,787,987.35	22,843,253.79
Deposits and guarantees	35,600.00	5,600.00
<b>Total</b>	<b>24,823,587.35</b>	<b>22,848,853.79</b>

**2) Bad debt provision**

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (no credit impairment).	Expected credit loss in the whole duration (credit impairment has occurred)	
January 1, 2023 balance in the current period				

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

 Applicable  Not applicable

Disclosure by account age

Unit: RMB

Account age	Closing balance
Within 1 year (included)	2,884,161.90
1 to 2 years	2,489,178.85
2 to 3 years	1,173,242.16
more than 3 years	18,277,004.44
3-4 years	2,609,130.67
4-5 years	15,667,873.77
Total	24,823,587.35

**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 in current period:

Unit: RMB

Creditor	Amount of recovery or reversal	Recovery method

**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	Reasons	written-off procedure implemented	Whether the account receivables was generated from related transactions
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Explanation of other receivables written-off:

**5) Other receivables of the top five debtors based on the ending balance**

Unit: RMB

Creditor	Nature of receivable	Closing balance	Account age	Proportion in total closing balance of other receivables	Closing balance of bad debt provision
Bozhou Yaxia Motor Vehicle Driver Training School Co., Ltd.	Current payment	10,832,959.73	Within 4 years	43.64%	0.00
Wuhu Yawei Automobile Sales Service Co., Ltd.	Current payment	4,142,267.49	Within 4 years	16.69%	0.00
Suzhou Bokai Automobile Sales Service Co., Ltd.	Current payment	4,019,591.81	Within 4 years	16.19%	0.00
Huangshan Yaxia Fudi Automobile Sales Service Co., Ltd.	Current payment	2,067,532.57	Within 4 years	8.33%	0.00
Lu'an Zhongke Real Estate Information Consulting Co., Ltd	Current payment	1,320,780.00	Within 2 years	5.32%	0.00
<b>Total</b>	--	22,383,131.60		90.17%	0.00

**6) Receivables related to government subsidies**

Unit: RMB

Name of institutions	Government subsidies	Closing balance	Closing account age	Time, amount and basis of expected collection
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**7) Other receivables derecognized due to the transfer of financial assets**
**8) Assets and liabilities arising from transferring other receivables and continuing to be involved**

Other information:

**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	19,143,591,207.14		19,143,591,207.14	19,143,591,207.14		19,143,591,207.14
Investment in associates and joint ventures	46,804,381.92		46,804,381.92	46,810,376.23		46,810,376.23
Total	19,190,395,589.06		19,190,395,589.06	19,190,401,583.37		19,190,401,583.37

### (1) Investment in subsidiaries

Unit: RMB

Investee	Opening balance (book value)	Increase and decrease in current period				Closing balance (book value)	Closing balance of provision for impairment
		Addition investment	Investment reduction	Provision for impairment	Others		
Offcn Ltd.	18,500,000,000.00					18,500,000,000.00	
Lu'an Zhongke Real Estate Information Consulting Co., Ltd.	489,131,700.00					489,131,700.00	
Lu'an Yazhong Real Estate Information Consulting Co., Ltd.	72,151,600.00					72,151,600.00	
Wuhu Yawei Automobile Sales Service Co., Ltd.	23,000,000.00					23,000,000.00	
Ningguo Yaxia Motor Vehicle Driver Training School (Co., Ltd.)	17,474,782.14					17,474,782.14	
Huangshan Yaxia Fudi Automobile Sales Services Co., Ltd.	5,000,000.00					5,000,000.00	
Chaohu Yaxia Kaixuan Automobile Sales Service Co., Ltd.	5,000,000.00					5,000,000.00	
Bozhou Yaxia Motor Vehicle Driver Training School Co., Ltd.	20,000,000.00					20,000,000.00	
Suzhou Bokai Automobile Sales Service Co., Ltd.	11,833,125.00					11,833,125.00	
Total	19,143,591,207.14					19,143,591,207.14	

### (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		
<b>I Joint ventures</b>											
Offcn Xietong (Jiaxing) Human Resources Co., Ltd.	2,266.22			2,175.50						4,441.72	
<b>Subtotal</b>	<b>2,266.22</b>			<b>2,175.50</b>						<b>4,441.72</b>	
<b>II Associates</b>											
Beijing Offcn Future Education Technology Co., Ltd.	46,808,110.01			-8,169.81						46,799,940.20	
<b>Subtotal</b>	<b>46,808,110.01</b>			<b>-8,169.81</b>						<b>46,799,940.20</b>	
<b>Total</b>	<b>46,810,376.23</b>			<b>-5,994.31</b>						<b>46,804,381.92</b>	

### (3) Other statements

None

### 4. Revenue and operating cost

Unit: RMB

Item	Amount for the current period		Amount for the previous period	
	Revenue	Operating cost	Revenue	Operating cost
Other business	1,166,825.72	93,878.98	427,884.19	5,597,571.75
<b>Total</b>	<b>1,166,825.72</b>	<b>93,878.98</b>	<b>427,884.19</b>	<b>5,597,571.75</b>

Income related information:

Unit: RMB

Contract Classification	Segment 1	Segment 2		Total
Product type				

Including:				
Classification by business area				
Including:				
Market or customer type				
Including:				
Contract type				
Including:				
Classification of goods by time of transfer				
Including:				
Classification by contract duration				
Including:				
Classification by sales channel				
Including:				
Total				

Obligation performance related information:

None

Information related to the transaction price allocated to the remaining performance obligations:

The income from the unfulfilled or uncompleted obligations with signed contracts at the end of the reporting period: RMB0.00. Among them, RMB0.00 is expected to be recognized as annual revenue, RMB0.00 is expected to be recognized as annual revenue, and RMB0.00 is expected to be recognized as annual revenue.

Other information:

None

## 5. Investment income

Unit: RMB



Item	Amount for the current period	Amount for the previous period
Long-term equity investment income by the equity method	-5,994.31	-9,507,696.78
Dividend income from holding other equity instrument investments	1,659,840.00	1,659,840.00
Financing income		74,257.03
Total	1,653,845.69	-7,773,599.75

## 6. Others

### 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 (including offsetting amount for the provision of impairment of assets)	-3,310,651.17	
Government grants included in current profit or loss (except those closely related to the Company's normal business operations, which are in accordance with national policies and continuously enjoyed in accordance with certain standards or quotas)	2,245,077.55	
Profit or loss from entrusting others to invest or manage assets	2,429.11	
Non-operating income and expenses other than the above	-314,728.01	
Less: Amount impacted by income tax	-166,971.68	
Total	-1,210,900.84	--

Details of other profit and loss items that meet the definition of non-recurring profit and loss:

Applicable  Not applicable

The Company has no circumstances of other profit and loss items that meet the definition of non-recurring profit and loss.

Provide statements for classifying non-recurring profit and loss items, which are 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	9.99%	0.01	0.01
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses	10.13%	0.01	0.01

**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 Chinese Accounting Standards**

Applicable  Not applicable

**(3) Explanation of the differences in accounting data under domestic and overseas accounting standards. If overseas audit institutions have made adjustments for the differences, their names shall be indicated.****4. Others**