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Beijing Kaiwen Dexin Education Technology Co., Ltd.

2018 Annual Report

April 2019

Section Important, catalogs and Interpretation

The board of directors, the board of supervisors and directors, supervisors and senior management of the company guarantee the truthfulness, accuracy and completeness of the contents of the annual report. There are no false records, misleading statements or major omissions, and they bear individual and joint legal liabilities.

Xu Guangyu, person in charge of the company, Dong Qi, person in charge of accounting work, and Dong Qi, person in charge of accounting organ (accounting officer) hereby confirm that the financial report in the annual report is true, accurate and complete.

All directors have attended the board meeting to review this report.

Forward-looking statements such as future plans covered in this report do not constitute a substantial commitment of the company to investors.

The company has detailed the main risks that will be faced in the future in this report. For details, please refer to the “June, Prospects for the Future Development of the Company” section of the “Section IV Management Discussion and Analysis” of this report. Investors should pay attention to investment risks.

The company plans not to distribute cash dividends, not to send bonus shares, and not to convert public reserves into share capital.

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Interpretation

Interpretative term

Company/Company/Kewen Education Refers to Beijing Kaiwen Dexin Education Technology Co., Ltd.

Zhongtai Bridge refers to the original name of Jiangsu Zhongtai Bridge Steel Structure Co., Ltd., and in January 2018 the company changed its name to Beijing Kaiwen Dexin Education Technology Co., Ltd.

Controlling Shareholder / Badachu Holdings Refers to Badachu Holding Group Co., Ltd., the controlling shareholder of the company

Haidian District State-owned Assets Supervision and Administration Commission refers to the State-owned Assets Supervision and Administration Commission of the Haidian District People's Government of Beijing, the actual controller of the company

Chaoyang Kewen School refers to Kaiwen School, Chaoyang District, Beijing, located in Jinbu Township, Chaoyang District, Beijing.

Haidian Kewen School refers to Beijing Haidian Kewen School, located at No. 65, Xingshikou Road, Haidian District, Beijing.

Wenhua Xuexin refers to Beijing Wenhua Xuexin Education Investment Co., Ltd., a wholly-owned subsidiary of the company.

Wen Kaixing refers to Beijing Wenkaixing Education Investment Co., Ltd., a wholly-owned subsidiary of the company.

Kevin Zhixin refers to Beijing Kaiwen Zhixin Education Investment Co., Ltd., a wholly-owned subsidiary of the company.

Kai Literature Letter / Kevin Sports Refers to Beijing Kai Literature and Letters Sports Investment Management Co., Ltd., a wholly-owned subsidiary of the company.

Kevin Ruixin refers to Beijing Kaiwen Ruixin International Education Technology Co., Ltd., a holding subsidiary of the company.

Kevin Hengxin refers to Beijing Kaiwen Hengxin Education Technology Co., Ltd., a wholly-owned subsidiary of the company.

Kevin Renxin refers to Beijing Kaiwen Renxin Education Technology Co., Ltd., a wholly-owned subsidiary of the company.

Kevin International Education refers to Kevin International Education Co., Ltd., a wholly-owned subsidiary of the company.

Kai Yu Xin De refers to Beijing Kai Yu Xin De Restaurant Management Co., Ltd., the

company's holding subsidiary

Kevin Star Art refers to Tianjin Kewen Star Art Training School Co., Ltd., a wholly-owned subsidiary of the company.

Kevin Xingyi refers to Hunan Kaiwen Xingyi Education Technology Co., Ltd., a wholly-owned subsidiary of the company.

Ke Wenyimei refers to Beijing Kaiwen Yimei Education Technology Co., Ltd., a wholly-owned subsidiary of the company.

Xinzhongtai refers to Jiangsu Xinzhongtai Bridge Steel Structure Engineering Co., Ltd.

Westminster Choir College, Westminster Conservatory of Music, and Westminster Continuing Education, Westminster Choir College, Westminster Conservatory of Music

China Securities Regulatory Commission

Shenzhen Stock Exchange refers to Shenzhen Stock Exchange

Yuan/10,000 yuan refers to RMB yuan/RMB million

Section II Company Profile and Key Financial Indicators

First, company information

Stock abbreviation Kevin Education (former stock short name: Zhongtai Bridge; change date: January 24, 2018) Stock Code 002659

Stock-listed stock exchange Shenzhen Stock Exchange

Company's Chinese name Beijing Kaiwen Dexin Education Technology Co., Ltd.

Chinese abbreviation of the company

Foreign name of the company (if any) Beijing Kaiwen Education Technology Co., Ltd

Abbreviation of the company's foreign name (if any) Kaiwen Education

Legal representative of the company Xu Guangyu

Registered Address 109, 1st Floor, West Section, Building 2, 4th District, Xishan Creative Park, Haidian District, Beijing

Postal code of registered address 100195

Office Address 8th Floor, Building 4, No. 46, Baoquan 3rd Street, Chaoyang District, Beijing

Postal code of office address 100018

Company website <http://www.kaiwenedu.com/>

E-mail Kaiwen002659@kaiwenedu.com

Second, contacts and contact information

Secretary of the board of directors

Name Shi Yu Yang Wei

Address: 8th Floor, Building 4, No. 46, Baoquan 3rd Street, Chaoyang District, Beijing, China

8th Floor, Building 4, No. 46, Baoquan 3rd Street, Chaoyang District, Beijing

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E-mail Kaiwen002659@kaiwenedu.com Kaiwen002659@kaiwenedu.com

Third, information disclosure and location

The name of the information disclosure media selected by the company "Securities Times", "China Securities Journal"

The website of the designated website of the China Securities Regulatory Commission that

publishes the annual report. <http://www.cninfo.com.cn/>
Company annual report preparation location

Fourth, registration changes

Organization code After the three certificates are combined, the business license unified social credit code is: 913200007140853767

Since the company's listing, the main business changes (if any) Since July 2016, the company is the main business of bridge steel structure and education; since November 2017, the company's main business is education and related industries.

Changes in previous controlling shareholders (if any) In July 2016, the company's non-public offering of shares was completed, and the company's controlling shareholder was changed from Jiangsu Huanyu Investment Development Co., Ltd. to Badachu Holding Group Co., Ltd.

V. Other relevant information

Accounting firm hired by the company

Name of Accounting Firm Huapu Tianjian Certified Public Accountants (Special General Partnership)

Office of Certified Public Accountants 901-22 to 901-26, Foreign Economic and Trade Building, No. 22, Fuchengmenwai Street, Xicheng District, Beijing

Signature Accountant Name Zheng Lei, Huang Jian, Long Bing

Sponsors engaged by the company to perform continuous supervision duties during the reporting period Applicable Not applicable to financial consultants engaged by the company to perform continuous supervision duties during the reporting period Applicable Not applicable
Financial Adviser Name Financial Consultant Office Address Financial Consultant Sponsor

Name During the continuous supervision period

Hualin Securities Co., Ltd. 3803, Taiping Financial Building, No. 488 Yincheng Middle Road, Pudong New Area, Shanghai Wang Bo, Liu Jiayu (Ms. Zhang Qi, the former financial advisor of the company, is no longer responsible for the company since September 19, 2018 due to work changes. Mr. Wang Siqi and Mr. Liu Jiayu have continued to serve as the financial advisors of the company and continue to perform their duties of continuous supervision. Mr. Wang Siqi, the company's former financial advisor host, has been working since November 8, 2018. No longer responsible for the company's continuous supervision, Hualin Securities authorized Mr. Wang Bo and Mr. Liu Jiayu to continue to serve as the company's financial advisors and continue to perform continuous supervision duties. The continuous supervision period is December 31, 2018.

6. Major accounting data and financial indicators

Does the company need to retroactively adjust or restate previous year's accounting data? Yes
No

2018 2017 This year is more than the previous year. 2016

Operating income (yuan) 241,794,253.76 620,212,284.80 -61.01% 323,741,898.73

Net profit attributable to shareholders of listed companies (yuan) -97,954,180.65 23,259,140.11 -521.14% -96,273,505.28

Net profit attributable to shareholders of a listed company after deducting non-recurring gains

and losses (yuan) -105,849,139.08 -82,175,846.28 -28.81% -91,372,320.35
 Net cash flow from operating activities (yuan) 528,848.08 -180,032,497.43 100.29% -
 315,502,141.84
 Basic earnings per share (yuan / share) -0.20 0.05 -500.00% -0.25
 Diluted earnings per share (yuan / share) -0.20 0.05 -500.00% -0.25
 Weighted average return on equity -4.55% 1.03% -5.58% -7.56%
 End of 2018 End of 2017 End of the year than the end of the previous year End of 2016
 Total assets (yuan) 3,808,768,547.68 3,145,033,562.10 21.10% 3,799,366,886.71
 Net assets attributable to shareholders of listed companies (yuan) 2,106,414,505.27
 2,203,626,501.33 -4.41% 2,235,306,069.13

7. 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 international accounting standards and in accordance with Chinese accounting standards

Applicable Not applicable The company did not have any difference in net profit and net assets in the financial statements disclosed in accordance with international accounting standards and in accordance with PRC accounting standards during the reporting period.

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

Applicable Not applicable The company did not have any difference in net profit and net assets in the financial statements disclosed in accordance with overseas accounting standards and in accordance with PRC accounting standards during the reporting period.

Eight, quarterly major financial indicators

unit: yuan

First quarter second quarter third quarter fourth quarter

Operating income 40,492,953.37 48,889,088.82 67,902,028.58 84,510,182.99

Net profit attributable to shareholders of listed companies -30,106,102.86 -21,573,042.08 -
 19,725,912.80 -26,549,122.91

Net profit attributable to shareholders of a listed company excluding non-recurring gains and losses -30,537,739.50 -21,503,959.37 -19,773,196.70 -34,034,243.51

Net cash flow from operating activities -38,973,473.60 88,202,365.58 11,476,127.64 -
 60,176,171.54

Whether the above financial indicators or their total number are significantly different from the financial indicators related to the company's disclosed quarterly report and semi-annual report Yes No

9. Non-recurring profit and loss items and amounts

Applicable Not applicable

unit: yuan

| Item | 2018 Amount | 2017 Amount | 2016 Amount | Description |
|---|--------------|----------------|----------------|-------------|
| Non-current assets disposal gains and losses (including the write-off portion of provision for impairment of assets) | -861.58 | 144,313,395.71 | 2,643,062.66 | |
| Government subsidies that are included in the current profit and loss (except for government subsidies that are closely related to corporate business, in accordance with national uniform standards) | 1,603,964.50 | 127,281.30 | 250,000.00 | |
| The capital occupation fee charged to non-financial enterprises included in the current profit and loss | 8,430,817.62 | | | |
| Entrusting others to invest or manage the profit and loss of assets | 823,966.55 | 3,225,155.68 | 4,991,791.18 | |
| The net profit or loss of the current period from the beginning of the subsidiary to the merger date of the business combination under the same control | -475,095.97 | | | |
| The one-off adjustment of current profit and loss to the current profit and loss according to the requirements of laws and regulations such as taxation and accounting | 1,089,311.58 | | | |
| Other non-operating income and expenses other than the above | -203,126.17 | -6,182,182.36 | -14,412,368.54 | |
| Less: Income tax impact | 2,663,690.23 | 36,834,467.79 | 2,355,908.59 | |
| Minority shareholders' equity impact (after tax) | 96,112.26 | -1,260,899.82 | -2,892,926.78 | |
| Total | 7,894,958.43 | 105,434,986.39 | -4,901,184.93 | -- |

Non-recurring gains and losses items defined by the company in accordance with the definition of "Interpretive Announcement of Information Disclosure of Companies That Offer Securities to the Public No. 1 – Non-recurring Gains and Losses", and the Interpretive Announcement No. 1 of the Company Information Disclosure of Public Offering Securities - Non-recurring gains and losses items listed in non-recurring gains and losses are defined as items of recurring profit and loss. Reasons should be stated Applicable Not applicable The company does not exist during the reporting period. It will be based on the Interpretation of Corporate Disclosure of Public Offering Securities. No. – Non-recurring gains and losses are defined as the case where the listed non-recurring profit and loss items are defined as items of recurring profit or loss.

Does the company need to comply with the disclosure requirements of specific industries?

(I) The main business of the company during the reporting period

Kevin Education aims to "train leaders with family feelings and international vision", and is committed to "leading students to find the right path for themselves; helping teachers to climb the dream of education; promoting schools among the world's top universities" as their vision. Based on the construction of the entity school, the above-mentioned downstream industries are extended, and the business covers K12 education, sports training and camp education, art and technology education, brand output, upstream and downstream training of the international education eco-industrial chain, through internal resources integration, strong The combination of external and external extensions has achieved industry leadership.

The company takes "K12 Entity School + Sports, Art, Technology Training + Camp Education +

Brand Export" as its business model, and relies on physical schools to obtain resource background, brand effect and audience, sports training, art training, technology training, camp Education, brand output and upstream and downstream training are profitable points for education and related businesses:

(1) International school field. At present, the company has two K12 International Education Schools in Beijing, namely Beijing Haidian Kewen School and Beijing Chaoyang District Kaiwen School. The two schools are in an advantageous position in the same industry in terms of hardware facilities, teaching resources, teaching systems, and featured courses;

(2) Sports training and camp education. With its wholly-owned subsidiary Kevin Sports as its development platform, the company relies on physical schools to integrate professional quality resources on campus and establish partnerships with internationally renowned sports companies to provide specialized physical education courses for physical schools. To develop customized and professional sports training, camp education and youth sports events for the society, each sector will achieve good mutual assistance and coordinated development, and build a leading brand for domestic youth sports training;

(3) The field of art education. The company has introduced high-level, high-recognition and high-quality art education resources, and continues to exert its strength in the art fields such as drama, music, dance, visual arts and traditional culture, and gradually transforms its own courses and brand marketization for the majority of students. Provide a multi-level, wider selection of art extracurricular courses. At the same time, the company pays more attention to the curriculum coordination and the transformation of teaching resources among various art categories, and realizes the market-oriented operation of the "Kevin Art" brand;

(4) The field of science and technology education. The company has established a complete STEM curriculum system, as well as a special training program for various events, and cooperated with a number of science and technology museums and museums to implement experiential research. The students of Kevin School STEM have been acquired in various competitions such as the International Robot Competition. Awards.

(5) Brand output and training in the field of further education. The company's education research institute integrates top-notch and mature international education concepts and systems at home and abroad, establishes a talent system for outstanding teachers to explore and reserve, and international teacher training, education system and teaching material research and development system, and establishes the Kevin brand. Manage the service output platform. The company's holding subsidiary, Kevin Ruixin, specializes in language training and customizes individualized courses according to customer needs.

(II) Development characteristics of the industry in which the company is located during the reporting period

(1) Regional

The regional distribution of the education service industry has a significant relationship with the

regional per capita income level and population concentration. As the target customers of the international education industry mainly serve the study abroad group, the family income level and education level of this group are higher, and the educational concept is more advanced. Therefore, the international education industry has certain regional characteristics, mainly concentrated in the economically developed areas such as the southeast coast of China or the inland cities of the first and second lines. According to the statistics of the new doctrine, international schools in mainland China are still concentrated in first-tier cities. In 2018, the number of international schools in Guangdong, Shanghai, Jiangsu, and Beijing ranked in the top four.

(2) Periodicity

International schools in the international education industry are generally engaged in the teaching of basic education, and the basic stage education is accompanied by the whole growth process of students, which has the characteristics of long-term, continuous and stable. With the improvement of the economic level, as long as the macroeconomic environment does not undergo major changes, parents always pay great attention to the education and quality of students, and maintain a continuous investment in education.

On the other hand, the core of international schools is the international curriculum. The operation of the curriculum requires a complete team, and the training and maturity of the team takes a certain amount of time. In addition, the state has strict planning on the campus area and supporting facilities for academic education. The hard rules, therefore, the market supply of international schools cannot be increased rapidly in a short period of time.

Therefore, the cyclical characteristics of the international education industry are not obvious.

(3) The seasonal international education industry has a certain seasonality, and the teaching work covers the normal operation period after the school starts. Under normal circumstances, the enrollment time of the school is relatively concentrated, and the third quarter of each year is the peak period of enrollment. The training business has no obvious seasonality and carries out business activities throughout the year. The winter and summer camp and camp education business is mainly concentrated in spring breaks and winter and summer vacations.

Second, major changes in major assets

1. Significant changes in major assets

Major assets

Equity assets The ending balance of long-term equity investment is 0 yuan, which is 100.00% lower than the opening balance of 200,861.58 yuan, which is mainly due to the investment in the disposal of joint ventures in the current period.

Fixed assets There were no major changes in this period.

Intangible assets There were no major changes in this period.

Construction in progress No major changes in this period.

Accounts receivable The ending balance of accounts receivable was RMB 4,677,576.55, which was an increase of 3,522.79% from the opening balance of RMB 129,115.44. This was mainly

due to the increase in the income settlement of each period due to the increase in the income from the surrounding education services and the increase in rent receivable.

Prepayments The ending balance of prepayments was 7,383,476.51 yuan, an increase of 14,565.13% from the opening balance of 50,347.16 yuan, mainly due to the pre-paid course research and development expenses.

Long-term deferred expenses The long-term deferred expenses at the end of the period was RMB 341,171,151.60, an increase of 41.31% from the opening balance of RMB 241,433,794.20, mainly due to the renovation and expansion of some school buildings in Haidian Kevin School.

Deferred income tax assets The ending balance of deferred income tax assets was RMB 62,738,017.47, an increase of 82.81% from the opening balance of RMB 34,318,813.99, mainly due to the increase in deductible losses during the period.

Other non-current assets The ending balance of other non-current assets was 17,414,720.90 yuan, an increase of 7,839.09% from the opening balance of 219,354.18 yuan, mainly due to the payment of the earnest money of the three colleges in Westminster.

2. Main overseas assets

Applicable Not applicable

Third, the analysis of core competitiveness

Does the company need to comply with the disclosure requirements of specific industries?

The core competitiveness of high-quality international schools and related industries consists of an internationally-advanced teaching system, high-quality teaching quality, high-level hardware facilities, rich special courses and quality teaching services. The company's core competitiveness is reflected in the following aspects:

(1) Advantages of state assets

The development of international education requires the cooperation and support of the local government. The controlling shareholder of the company is controlled by the eight major divisions. The actual controller is the State-owned Assets Supervision and Administration Commission of Haidian District, Beijing.

The background and rich educational resources from Haidian District of Beijing provide strong support for the company's education business.

(2) Geographical advantage

Nationally, provinces, cities and regions have different concepts and inputs for education. As a political, cultural, international exchange and technological innovation center in China, Beijing has a high level of economic development and per capita disposable income, while the people are internationalizing. Education, study abroad, etc. have obvious preferences.

At the same time, as the center of China's higher education, Beijing has gathered the best

universities and colleges in China, such as Tsinghua University, Peking University, Beijing Normal University, and a large number of high-quality faculty reserves. It will further expand the faculty and develop teaching cooperation for the company's international education business. Providing a unique environmental advantage. (3) Capital advantage

The high standards of education, high-standard teaching facilities and high-level international teachers required for international education business need to be supported by strong financial strength, so the international education industry has certain financial barriers; In our national education market, the use of light asset model expansion, rapid market share, optimization of product line structure and completion of the industrial chain layout is one of the important ways for enterprises to become bigger and stronger.

The company utilizes the financial support of the listed company platform and the controlling shareholder's eight major divisions to carry out education services through self-sponsorship and cooperation with well-known educational institutions at home and abroad. It can quickly realize regional and industrial chain expansion, optimize industrial layout and strengthen school running. Features and enhance the influence of its brand.

(4) High level of hardware facilities advantages

Good hardware facilities are an important guarantee for the implementation of quality education services. The international education industry, especially the physical international schools, is oriented to middle-class or high-net-worth families and requires international schools to have a high level of teaching environment and hardware facilities.

The company has campus design that is in line with international standards, teaching building and teaching area planning with European and American schools, environmentally-friendly building and ventilation systems, advanced teaching equipment, and rich Chinese and foreign materials and original books. The beautiful campus environment and high-end equipment and facilities have become an important guarantee for providing high-quality and high-level international education services, and it is also one of the core competitiveness of the company based on the international education industry.

(5) Brand advantage of featured sports resources and art resources

In the international education industry, the market demand is increasing, and the number of competitors is gradually increasing. Only by forming differentiated competitive advantages can we have core competitiveness. With the increasing emphasis on quality education in our families, more parents hope that their children will be exposed to sports training and art training from a young age, and through the training of artistic activities, they will fully tap the students' professional strengths, cultivate students' artistic quality and be brave, tolerant and team. The spirit of cooperation.

In the field of physical education, Kai Literature has been the main operating platform for the "Kevin Sports" brand. It has provided sports training for basketball, football, tennis, ice hockey, baseball, rugby, golf, fencing, swimming, synchronized swimming, etc. on and off campus.

Business, with the United States Major League Baseball (MLB), Manchester City Football Club

The high-level cooperation of well-known foreign sports institutions has created a three-in-one business structure of “training + camp + events”, which has formed a relatively mature commercial operation system and

Business model and strong brand awareness.

In the field of art and education, the company has opened a series of courses involving traditional culture, visual, fine arts, dance and drama creation at Kevin School.

The former is gradually connecting with the well-known art education resources of Tsinghua University, London University of the Arts, etc., through the introduction and research and development of courses and textbooks.

The marketing operation of the brand.

In the field of music education, the company is gradually implementing market-oriented operations in the fields of music appreciation, music master classes, music popular courses, etc. through cooperation with well-known musicians at home and abroad; the company is working with Westminster The cooperation of three internationally renowned music colleges, including the Choral Music Academy, is carried out at international level courses such as chorus, vocal music, piano performance, and music education. Realize the introduction of high-quality international education resources into the campus, coordinate the development of international education and quality education, and build a company

Differentiate competitive advantage and core competitiveness.

Section IV Discussion and Analysis of Business Situation

I. Overview

During the reporting period, the company concentrated on the resources and advantages of listed companies to develop education and education services. The company uses the physical school to obtain the resource background, brand effect and audience, and conducts international education business with sports training, camp education, brand output and upstream and downstream training as profit points. During the reporting period, the company achieved operating income of 242 million yuan. The main business activities are as follows:

(1) Deepen the development connotation of physical schools and condense core competitiveness

During the reporting period, the company took the wholly-owned subsidiaries Kevin Zhixin and Wenkaixing as the main operations of the international school business, mainly providing operation management and consulting services for Haidian Kewen School and Chaoyang Kewen School. Both schools have complete teachers. Power and a perfect teaching platform system. The two Kevin schools offer K12 international education integrating elementary school, junior high

school and high school, and adopt a “small class” teaching mode of 20-25 people per class.

1 Haidian Kewen School

Haidian Kewen School is located in No. 65 Xingshikou Road, Haidian District, Beijing. The school follows the “Sino-Western Conjunction, Stylistic and Parallel” school-running ideas, adopts a bilingual curriculum system, implements bilingual teaching throughout the school, and implements full-class dual-class teacher and tutor. The system can accommodate approximately 1,500 students.

Management System: Haidian Kewen School implements the principal responsibility system under the leadership of the Board of Directors. The affiliated schools of Tsinghua University provide consulting services for recruiting, managing teachers and formulating and implementing teaching plans.

Course System: Haidian Kewen School has a complete curriculum system. After years of practice and research on American and other international courses, Tsinghua University High School and its International Department have developed the 1-12 grade bilingual curriculum system (THIC) in combination with the domestic curriculum content. This course system can meet the nine-year compulsory education of China. Course standard requirements can also meet the requirements of the US core curriculum system standards. In the high school stage, the school provides students with an international standard AP course, and the AP course has been certified by the American College Board. School courses are mainly divided into academic courses, art courses, expansion courses, club courses and so on.

Faculty system: Haidian Kewen School has high-quality teachers at home and abroad. The school employs high-quality teachers with international standards and adopts the American teaching structure. In terms of teaching concepts and teaching methods, teachers adopt the effective combination of Chinese and American courses to enhance students' art. Physical literacy and international vision; the teachers' team has excellent academic level and rich teaching experience. Some teachers have also participated in the development and research of large-scale international curriculum projects; the school recruits and trains according to the teacher standards of Tsinghua Middle School Integrated International School, mainly The teachers have backgrounds in prestigious schools such as Yale University, Tsinghua University, Peking University, and Berkeley University of California. The core backbone teachers have served as leaders of English subjects in Haidian District, director of the Beijing Fourth Middle School for Study Abroad, and assistant to the middle school principal of Tsinghua University. Beijing Hope International The school performs the principal and other duties. Overall, the teacher team has a master's degree or above and 70%. More than 50% of the teachers have more than 2 professional degrees, and the average teaching age is over 11 years.

Quality Education System: Stylistic and parallel, sports and art education are the characteristics of Haidian Kewen School. The school provides music, art, dance, tennis, golf, baseball, fencing and other courses, and set up school teams and associations. Award-winning competitions; internationally integrated development courses help students improve their knowledge structure, broaden their horizons, enhance their hands-on and innovative ability, and meet their growth

needs. The expansion courses offered by the school include language courses, mathematical thinking, computer art design, Science courses such as programming, STEM courses, physics bowl competitions, and simulations of the United Nations and Master Classes; club courses as electives cover nearly 60 sports, arts, technology, and creativity.

Hardware facilities: Good hardware facilities are an important guarantee for the implementation of quality education services and an important basis for schools to implement differentiated competition. The school has a landscaped campus environment and has established advanced and complete sports facilities. In addition to a standard football field, 8 standard basketball courts and 5 standard outdoor tennis courts, the school also has sports competitions of the world's top race specifications. Venue and teaching hardware facilities, such as the blue runway of the IAAF Gold League, the tennis court built according to the standard of the China Open Diamond Stadium, the only baseball stadium in Beijing that was designed and operated by the American Major League Baseball, and the outdoor golf course. Climbing walls, fencing halls, badminton courts, fitness centers and indoor swimming pools can nurture and meet the diverse sports needs of students.

2 Chaoyang Kewen School Chaoyang Kewen School is located in Chaoyang District, Beijing. The school follows the "Sino-Western Conjunction, Stylistics and Parallelism" school-running ideas, adopts the IB curriculum system, and is divided into bilingual teaching.

The school has a double-class teacher system and a tutor system. The school can accommodate about 4,000 students.

Management system: Chaoyang Kevin School implements the principal responsibility system under the leadership of the board of directors, which is managed by the school itself. Course System: Chaoyang Kevin School has a complete curriculum system. The school offers an IB curriculum system that will become an IBDP candidate school within one year of school. The IB program is an educational system of the International Baccalaureate Organization for students around the world, with leading educational ideas and unique structures. The IB Diploma is highly recognized by most universities in North America and Europe.

Teacher system: Teachers selected by Chaoyang Kewen School have many years of IB or international teaching experience. Foreign teachers are from English-speaking countries. Chinese teachers have bilingual teaching and international teaching experience. Some teachers have overseas study background. More than 50% of teachers have master's and doctoral degrees, and more than 60% of teachers have more than 10 years of coaching experience.

Quality education system: Sports and art education are the educational characteristics of Chaoyang Kewen School. The school introduces students' comprehensive quality training and incorporates the arts curriculum into compulsory courses. The quality education courses offered by the school include art, dance, vocal music, piano and other art courses, as well as tennis, football, basketball, hockey, ice sports and water sports. Sports courses; at the same time, open related courses: choir, model making, Chinese opera, travel games, endurance training, rugby, Tai Chi, music ensemble, mathematical modeling, radio club, lyrics appreciation, Chinese creative writing, etc., tempering students The physical quality, strengthen students' musical skills

and abilities, improve students' scientific literacy, explore students' psychological feelings, enhance students' appreciation level and literary literacy, etc., and cultivate students' comprehensive quality ability.

Hardware facilities: Chaoyang Kevin School has a beautiful campus environment and high-end equipment and facilities; build unique standard ice hockey venues, football fields, basketball courts, tennis courts, track and field stadiums, standard swimming pools and other sports venues, as well as theaters. , small theater, piano room, rehearsal hall, dance studio, etc. It lays a solid foundation for training students' artistic accomplishment, special expertise and comprehensive personality shaping, and builds a core competitiveness based on the international education industry.

(II) Strengthening the characteristics of running a school and demonstrating the unique market competitiveness of Kevin Education

Sports and arts and technology education is the unique competitiveness of Kevin Education. The school takes the comprehensive quality training of students with sports, art and science and technology education, and incorporates the art curriculum into the compulsory field. Through the compulsory courses of art and the special expertise, it helps students to be strong and temperament, and establish rules of compliance, fair competition and teamwork. Consciousness, with a down-to-earth, courageous challenge and indomitable spirit.

The company has already cooperated with the Manchester City Football Club, the American Major League Baseball and other special characteristics, quality education resources and platforms, and launched a series of MLBPLAYBALL Youth Baseball League (Beijing Division), China Open Tennis Youth Tournament, Swimming Elite Invitational Tournament, etc. It has helped international students to grow their international sports activities, and invited famous professional sports organizations, alliance organizations and excellent athletes and coaches with world-class reputations such as Manchester City Football Club and NHL North American Professional Hockey League to visit the school and communicate with students. The school's differentiated competitive advantage and school-running characteristics.

During the reporting period, Kevin Sports deepened the curriculum and established a unique curriculum system of Kaiwen Sports through independent research and development and in-depth cooperation. It focused on the actual curriculum needs and tailored for students of Haidian Kewen School and Chaoyang Kewen School. Customized core sports, expansion and school classes for 10 special events such as baseball, tennis, golf, fencing, football, ice hockey, swimming, synchronized swimming, rugby, and basketball. On the basis of the original baseball, tennis, golf, and fencing school teams, the directional off-road school team, the football school team, the ice hockey school team, and the swimming school team have been formed. The sports school team has begun to take shape.

During the reporting period, the company fully introduced high-quality art education resources and gradually transformed its own courses and brand marketization. Since the second half of 2018, the company has continued to exert its strength in the art fields of drama, music, dance, visual arts, and traditional culture, introducing high-level and high-recognition art resources to

provide students with multiple levels and a wider range of Art extracurricular course selection. At the same time, more emphasis is placed on the coordination of curriculum and the transformation of teaching resources among various art categories to realize the market-oriented operation of the “Kevin Art” brand.

Kevin and the world-renowned art academies collaborate in a related field, trying to make international high-quality art education resources come into being in Kevin. In China, Kevin Education intends to cooperate with the School of Art and Media of Beijing Normal University in terms of teachers and courses, so that higher education can be placed on the Kevin campus. Internationally, Kevin is working with the British Confucius Institute of Music, the Manhattan Conservatory of Music, and the United States. The Eddie Wild Art High School, the New York School of Sketch, Painting and Sculpture Studios and other schools conduct negotiations and cooperation, and provide a higher level of art education resources for the majority of students in the school.

In the field of science and technology education, the company will focus on research and development of STEM science courses, introducing excellent teachers and courses from the United Kingdom and the United States, the UK's nine public school stem dual-class classrooms, library-college cooperation courses; through the California Berkeley Mathematical Competition teacher training exchange, and through participation in the international The competition Botball, FLL, etc. polished their own competition curriculum design, landed PBL teaching method, formed their own teaching system, and continued to innovate in the field of STEM teaching.

(3) Establishing a brand effect and promoting the enrollment work to proceed steadily

The company supports teaching with good teaching venues and hardware facilities. With the professional platform of cooperation with well-known sports brands, the company will continue to increase the development and reserve of quality education resources and strengthen the company's differentiated competitive advantages in sports and art education. At the same time, the school will increase investment in selecting and hiring outstanding teachers, reserve rich teachers, build and improve the curriculum teaching and research teaching system, guarantee the continuity of teaching quality, consolidate good teaching reputation and accumulate brand awareness. Kevin School holds a number of campus open days, entrance examinations, and develops and arranges standardized routes for school visits. Implement multi-channel and multi-content promotion, actively participate in industry activities and attract target groups.

During the reporting period, the number of students enrolled in Haidian Kewen School and Chaoyang Kewen School increased steadily.

(4) Extending the sports education industry chain, sports training, camp education and sports events are stable. There are Jin Kai Literature as the main operating platform of the “Kevin Sports” brand, with the help of the Major League Baseball (MLB) and Manchester City, UK. The high-start cooperation of foreign famous sports institutions such as football clubs has created a three-in-one business structure of “training + camp + events”, which has formed a relatively mature commercial operation system and business model and strong brand awareness.

During the reporting period, Kaiwen Literature provided training services to students in the school while providing training services for basketball, football, tennis, ice hockey, baseball, rugby, golf, fencing, swimming, synchronized swimming, etc. The winter and summer camps, including sports and swimming, have been unanimously recognized by campers and parents. The good experience of the students forms a word-of-mouth effect and promotes and develops together with the enrollment of Kevin School. Kai Literature will organize, host or co-organize 2018 Beijing Elementary and Secondary School Fencing Competition, 2018 Beijing Primary and Secondary School Swimming Open and many other sports events, spread the "Kevin Sports" brand, and form business income. At the same time, Kai Literature has achieved good results and rankings in various sports competitions.

(5) Acquiring overseas famous schools to build a high-end art education platform

On June 21, 2018, the company's wholly-owned subsidiary, Wenhua Xuexin, signed an "Acquisition and Sale Agreement" with Rider University, and Wenhua Xuexin, a subsidiary established in New Jersey, USA, Princeton Westminster West International Co., Ltd. acquired the Westminster Choir College, Westminster Conservatory of Music and the Westminster Conservatory of Music, under the terms of the Acquisition and Sale Agreement. The assets of Westminster Continuing Education and its subsequent operations. The three colleges of Westminster are located in New Jersey, USA, and are affiliated with Reed University, specializing in music and art education. This acquisition is the beginning and key to the global layout of the company's education business, and plays an important role in enhancing the company's cross-cultural operation capabilities, enhancing brand value and competitiveness. After the completion of the acquisition, the company's business chain will be extended to the higher education stage. The advantages of the company's international school art quality training will be further consolidated, the management level and sustainability will be further enhanced, and the high-end quality education brand image will be further highlighted.

(6) Proposed non-public offering of shares to extend the layout of the education industry

After the 12th meeting of the 4th Board of Directors and the 5th Extraordinary General Meeting of Shareholders in 2018, the company plans to plan non-public offering of shares. The number of non-public offerings will not exceed 20% of the total issued share capital before the issuance. The total amount of funds does not exceed RMB 1 billion (including the number). After deducting the issuance expenses, the net amount of funds raised is intended to be invested in the "Adolescent High Quality Quality Education Platform Project".

The implementation of the fund raising investment project "Adolescent High Quality Quality Education Platform Project" is conducive to the company to seize the strategic development period of the quality education market, use the advantages of existing educational resources, extend the existing education industry layout, and base the international school business. We will vigorously develop high-quality quality education business, promote brand output, management output, curriculum system output and collaborative development of internal and external education business, improve the marginal benefits of existing high-quality resources, enhance the company's profitability, and realize the company's "international education + quality". The strategic layout of education. (7) Implementing the strategy of talent introduction and reserve,

making talents an internal driving force for enterprise development

Excellent faculty is the core soft power of the development of the education industry. The company has joined forces with top education institutions at home and abroad to introduce excellent international education management talents and teachers. At the same time, the company's education research institute focuses on the selection and training of the faculty team. Talent reserve to ensure the supply of outstanding talents in schools and related businesses in the education industry.

Second, the main business analysis

1 Overview

See "I. Overview" in "Discussion and Analysis of Business Situations".

2. Income and cost

(1) Composition of operating income

unit: yuan

2018 2017 year-on-year increase or decrease

Amount Represents the proportion of operating income Amount Represents the proportion of operating income

Total operating income 241,794,253.76 100% 620,212,284.80 100% -61.01%

sector

Education industry 208,754,552.13 86.34% 91,621,765.39 14.77% 127.84%

Bridge industry 528,590,519.41 85.23% -100.00%

Other industries 33,039,701.63 13.66% 100.00%

Product

Tuition and Fees Income 191,241,713.64 79.10% 79,978,802.47 12.90% 139.12%

Rental fee income 33,039,701.63 13.66% 100.00%

Training fee income 17,512,838.49 7.24% 11,642,962.92 1.87% 50.42%

Bridge revenue 528,590,519.41 85.23% -100.00%

Sub-region

Within the territory 241,794,253.76 100.00% 610,783,791.99 98.48% -60.41%

Overseas 9,428,492.81 1.52% -100.00%

(2) Industries, products or regions that account for more than 10% of the company's operating income or operating profit

√ Applicable □ Not applicable Whether the company needs to comply with the disclosure requirements of special industries

no

unit: yuan

Operating income Operating cost Gross profit margin Operating income increased or decreased compared with the same period of last year. Operating cost increased or decreased compared with the same period of last year. Gross profit margin increased or decreased compared with the same period of last year.

sector

Education industry 208,754,552.13 251,391,074.37 -20.42% 127.84% 134.21% -3.27%

Other industries 33,039,701.63 6,734,902.42 79.62% 100.00% 100.00% 79.62%

Product

Tuition and Fees Income 191,241,713.64 229,895,106.71 -20.21% 139.12% 133.19% 3.06%

Rental fee income 33,039,701.63 6,734,902.42 79.62% 100.00% 100.00% 79.62%

Sub-region

Domestic 241,794,253.76 258,125,976.79 -6.75% -60.41% -54.66% -13.55%

In the case that the company's main business data statistics are adjusted during the reporting period, the company's main business data adjusted in the last year according to the reporting period Applicable Not applicable

(3) Is the company's physical sales revenue greater than the labor income?

Yes No

(4) The performance of the major sales contracts signed by the company as of the reporting period

Applicable Not applicable

(5) Composition of operating costs

Industry and product classification

unit: yuan

Industry Classification Project 2018 2017 Year-on-year increase or decrease

Amount of business cost share Amount of operating cost

Education industry Main business cost 251,391,074.37 97.39% 107,337,379.68 18.10% 134.21%

Bridge industry Main business cost 470,096,855.28 79.27% -100.00%

Bridge industry Other business costs 15,603,521.85 2.63% -100.00%

Other industries Other business costs 6,734,902.42 2.61% 100.00%

unit: yuan

Product Classification Project 2018 2017 Year-on-year increase or decrease

Amount of business cost share Amount of operating cost

Tuition and Cost Costs Main Business Costs 229,895,106.71 89.06% 98,587,540.40 16.62% 133.19%

Training cost Main business cost 21,495,967.66 8.33% 8,749,839.28 1.48% 145.67%

Rental fee cost Other business costs 6,734,902.42 2.61% 100.00%

Bridge cost Main business cost 470,096,855.28 79.27% -100.00%

Bridge cost Other business costs 15,603,521.85 2.63% -100.00%

Description

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

Yes No New subsidiaries in this period:

No. Subsidiary company full name Subsidiary name Reason for inclusion in the scope of consolidation

- 1 Kaiwen School, Chaoyang District, Beijing Chaoyang School
- 2 Hunan Kaiwen Xingyi Education Technology Co., Ltd. Kaiwen Xingyi New
- 3 Kaiwen Educationg US, Inc. Kevin America Inc.
- 4 Princeton Westminster International, LLC Princeton Corporation
- 5 Tianjin Kaiwen Xingyi Training School Co., Ltd. Tianjin Xingyi New
- 6 Beijing Kaiwen Yimei Education Technology Co., Ltd. Kaiwen Yimei New

There are no subsidiaries in this period.

(7) The company has undergone major changes or adjustments to the business, products or services during the reporting period.

Applicable Not applicable

(8) Major sales customers and major suppliers

The company mainly sells customers

The total sales amount of the top five customers (yuan) 33,386,142.39

The total sales amount of the top five customers accounted for 13.80% of the total annual sales

The sales of related parties in the top five customers accounted for 0.00% of total annual sales

Top 5 customer data of the company

No. Customer Name Sales (yuan) Percentage of total annual sales

1 Customer One 30,726,463.09 12.71%

2 Customer 2 1,534,750.95 0.63%

3 Customer 3 501,343.04 0.21%

4 Customer Four 321,592.45 0.13%

5 Customer Five 301,992.86 0.12%

Total -- 33,386,142.39 13.80%

Other customers' other information Applicable Not applicable to the company's major suppliers

The total purchase amount of the top five suppliers (yuan) 269,717,453.70

The total purchase amount of the top five suppliers accounts for 67.25% of the total annual purchases.

Purchases of related parties in the top five suppliers' purchases accounted for 6.96% of total annual purchases

Top 5 supplier information

No. Supplier name Purchase amount (yuan) Proportion of total annual purchase

1 Supplier One 161,545,454.55 40.27%

2 Supplier 2 71,222,259.50 17.76%

3 Suppliers three 17,993,134.58 4.49%

4 Supplier 4 9,891,818.19 2.47%

5 Suppliers 5, 9,064,786.88 2.26%

Total -- 269,717,453.70 67.25%

Other suppliers' other information Applicable Not applicable

3, the cost

unit: yuan

2018 2017 Year-on-year increase and decrease

Sales expenses 9,775,106.03 10,001,529.60 -2.26%

Administrative expenses 55,683,178.11 69,866,911.95 -20.30%

Financial expenses 33,277,310.75 34,860,420.44 -4.54%

4. R&D investment

Applicable Not applicable

5, cash flow

unit: yuan

Project 2018 2017 Year-on-year increase or decrease

Subtotal of cash inflow from operating activities 358,146,671.64 755,965,441.47 -52.62%

Subtotal of cash outflow from operating activities 357,617,823.56 935,997,938.90 -61.79%

Net cash flow from operating activities 528,848.08 -180,032,497.43 100.29%

Amount

Subtotal of cash inflows from investing activities 24,145,734.62 1,285,285,518.36 -98.12%

Subtotal of cash outflows from investing activities 575,533,314.79 1,510,722,832.48 -61.90%

Net cash flow from investing activities -551,387,580.17 -225,437,314.12 -144.59%

Subtotal of cash inflows from financing activities 1,053,274,853.08 1,314,699,371.92 -19.88%

Subtotal of cash outflows from financing activities 134,268,747.59 946,402,733.76 -85.81%

Net cash flow from financing activities 919,006,105.49 368,296,638.16 149.53%

Net increase in cash and cash equivalents 368,064,939.80 -37,889,101.75 1,071.43%

Description of the main influencing factors of significant changes in relevant data over the same period Applicable Not applicable

The net cash flow from operating activities increased by 100.29% compared with the previous period, mainly because the previous period data was in parallel with the bridge steel structure and the education dual main business. The current data is the education industry. The net cash flow from investing activities decreased by 144.59% compared with the previous period, mainly due to the transfer of equity transfer from the disposal of subsidiaries in the previous period; the net cash flow from financing activities increased by 149.53% compared with the previous period, mainly due to the acquisition of large banks in the current period. Long-term borrowing.

Reasons for the significant difference between the net cash flow generated by the company's operating activities and the net profit for the year during the reporting period Applicable Not applicable Mainly due to the impact of depreciation and amortization of non-current expenses in the current period of approximately RMB 98,293,900.

Third, non-main business analysis

Applicable Not applicable

unit: yuan

Amount as a percentage of total profit

Investment income 823,104.97 -0.70% Mainly due to the financial income in the current period.
no

Impairment of assets 389,856.69 -0.33% Mainly due to provision for bad debts during the period.
no

Non-operating income 500.20 0.00% No

Non-operating expenses 203,626.37 -0.17% Mainly due to the payment of fines in the current period. no

Analysis of assets and liabilities

1. Significant changes in assets

unit: yuan

At the end of 2018, the end of 2017, the increase or decrease in the proportion of major changes

The amount of the total assets, the amount of the total assets

Monetary funds 496,711,099.79 13.04% 165,066,272.56 5.25% 7.79% Mainly due to the increase in long-term bank loans.

Accounts receivable 4,677,576.55 0.12% 129,115.44 0.00% 0.12% Mainly due to the increase in the income from the per-service income of the current education, resulting in an increase in the

scale of income settlement and the increase in rent receivable.

Inventories 67,079.34 0.00% 59,074.12 0.00% 0.00% No major changes in this period.

Investment real estate 318,240,696.68 8.36% 8.36% Mainly due to the partial use of real estate for the purpose of external leasing and reclassification of related real estate to investment real estate.

Long-term equity investment 200,861.58 0.01% -0.01% Mainly due to the disposal of joint venture investment in the current period.

Fixed assets 1,240,991,161.37 32.58% 1,387,302,286.83 44.11% -11.53% Mainly due to the partial use of real estate in the current period to reclassify the relevant real estate to investment real estate.

Construction in progress No major changes in this period.

Short-term loans 199,000,000.00 5.22% 280,000,000.00 8.90% -3.68% There were no major changes in this period.

Long-term loans 990,000,000.00 25.99% 25.99% Mainly due to the long-term bank loans.

2. Assets and liabilities measured at fair value

Applicable Not applicable

3. Limited asset rights as of the end of the reporting period

Project book value at the end of the period

Monetary funds - other monetary funds 51,371,507.59 margin

V. Analysis of investment status

1. Overall situation

Applicable Not applicable

Investment amount during the reporting period (yuan) Investment amount (yuan) in the same period of last year

55,770,000.00 501,879,400.00 -88.89%

2. Significant equity investment obtained during the reporting period

Applicable Not applicable

unit: yuan

Name of the invested company Main business Investment method Investment amount
Shareholding ratio Source of funds Partner Investment period Product type Progress as of the
balance sheet date Estimated income Current investment profit and loss Whether it is involved in
the lawsuit Disclosure date (if any) Disclosure index (if any)

Beijing Kaiwen Hengxin Education Technology Co., Ltd. Education Investment Capital Increase 20,000,000.00 100.00% Self-owned funds None Long-term Subsidiary Completed industrial and commercial change registration -864,179.81 No

Hunan Kaiwen Xingyi Education Technology Co., Ltd. Education Consulting, Education Management, etc. New 2,000,000.00 100.00% Self-owned funds None Long-term Subsidiary Completed establishment of industrial and commercial registration -676,647.65 No

Kevin International Education Co., Ltd. Education Investment Capital Increase 8,770,000.00 100.00% Self-owned funds None Long-term Subsidiary Completed Industrial and Commercial Change Registration -1,954,728.01 No

Tianjin Kaiwen Xingyi Training School Co., Ltd. Art Training, Education Information Consultation New 5,000,000.00 100.00% Self-owned funds None Long-term Subsidiary Completed establishment of industrial and commercial registration 0.00 No

Beijing Kai Education Investment Capital Increase 10,000, 100.00 Self-owned No Long-term Subsidiary Completed -13,162, No

According to the exchange rate at the time of capital increase, HK\$10 million is converted into RMB8.77 million.

Literature Letter Sports Investment Management Co., Ltd. Management and Education Consulting, Sports Project Operation 000.00 % Jin Cheng Industrial Change Registration 548.57

Beijing Kaiwen Yimei Education Technology Co., Ltd. Education Consulting, etc. New 10,000,000.00 100.00% Self-owned funds None Long-term Subsidiary Completed establishment registration 0.00 No

Kaiwen Education US, INC has not yet carried out actual operations. New Remarks 2 100.00% Own funds None Long-term subsidiaries Formally established in Delaware, USA No June 22, 2018 Information Network "Announcement on Establishing Subsidiaries to Acquire Assets Overseas" (Announcement No.: 2018-045)

Princeton Westminster International LLC (Princeton Westminster International LLC) has not yet carried out actual operations New Remarks 3 100.00% Own funds None Long-term subsidiaries Formally established in New Jersey, USA -2,667,143.94 Yes, Jucha Information Network Announcement on the Establishment of Subsidiaries to Acquire Assets Overseas (Announcement No.: 2018-045)

Total -- -- 55,770, -- -- -- -- -- 0.00 -19,325, -- -- --

Kaiwen Education US, INC is authorized to issue 2,000 shares, each worth \$0.001. 1000 shares have been issued, all held by Wenhua Xuexin, and Wenhua Xuexin is its sole shareholder.

Princeton Westminster International LLC has no registered capital and Kaiwen Education US, INC has 100% limited liability company interest.

000.00 247.98

3. Significant non-equity investment in progress during the reporting period

Applicable Not applicable

4. Financial assets measured at fair value

Applicable Not applicable

5. Use of raised funds

Applicable Not applicable

(1) Overall use of raised funds

Applicable Not applicable

Unit: 10,000 yuan

| Recruitment year | Recruitment method | Total amount of funds raised in the current period | Total amount of funds raised during the reporting period | Total amount of funds raised in use | Total amount of funds raised for change of use | Total amount of funds raised for change of use | Total proportion of funds raised for cumulative use | No total amount of funds raised yet | Use of funds raised and the amount of funds raised for idle for more than two years |
|------------------|-------------------------------|--|--|-------------------------------------|--|--|---|-------------------------------------|---|
| 2016 | Non-public offering of shares | 172,525.75 | 0.41 | 173,734.03 | 0 | 0 | 0.00% | 0 | Not applicable |
| Total | -- | 172,525.75 | 0.41 | 173,734.03 | 0 | 0 | 0.00% | 0 | -- |

Description of the overall use of raised funds

1) Before the above raised funds were put in place, as of June 30, 2016, the company had used the self-raised funds to accumulate a total of RMB 486,906,700 for the raised funds. After the funds were raised, the company replaced the funds that had been invested in the funds before the funds were raised. The self-raised funds amounted to 199,786,900 yuan; (2) the direct investment of funds raised in 2016 was 1,035,378,100 yuan; (3) the direct investment of funds raised in 2017 was 52,208,200 yuan; (4) the direct investment of funds in the 2018 year was 0.41 million yuan. As of December 31, 2018, the company has used a total of 173,734,300 yuan of raised funds, and the net interest income of the special account for raising funds is 12,820,800 yuan. After deducting the accumulated use of raised funds and the purchase of wealth management products, the fundraising account 2018 The balance on December 31 of the year totaled 0 million yuan.

(2) Projects of fund-raising commitments

Applicable Not applicable

Unit: 10,000 yuan

Committed investment projects and over-raised funds investment Whether the project has been changed (including partial changes) Total investment commitments from the raised funds Total adjusted investment (1) Input amount in the reporting period Accumulated investment amount at the end of the period (2) Investment progress at the end of the period (3)= (2)/(1) The project has reached the scheduled usable status date. The benefits realized during the reporting period have achieved the expected benefits.

Committed investment project

High-end education industry investment item No 120,000 120,000 0.41 120,838.2 100.70% 2017 -7,060.19 No No

☒ --Investment subsidiary Wenkaixing Construction International School Project 9 September 01

Repayment of corporate bonds principal and interest, supplementary liquidity No 52,525.75 52,525.75 52,895.74 100.70% Not applicable No

Subtotal of committed investment projects -- 172,525.75 172,525.75 0.41 173,734.03 -- -- -7,060.19 -- --

Super fundraising

No

Total -- 172,525.75 172,525.75 0.41 173,734.03 -- -- -7,060.19 -- --

The situation and reasons for not meeting the planned progress or expected income (sub-specific projects) High-end education industry investment project - the investment subsidiary Wenkaixing Construction International School project has been put into use in September 2017 and put into use, the cost of the construction period The large amount of expenses invested, resulting in the cumulative realized income is lower than the promised cumulative income. The situation of major changes in the feasibility of the project shows that the project feasibility has not changed significantly.

The amount, use and use of over-raised funds are not applicable

Change in the implementation location of the fundraising investment project

Adjustment of implementation methods of raised funds investment projects

The initial investment and replacement of the raised funds investment project

On July 11, 2016, the 18th meeting of the third board of directors of the company was reviewed and approved. The company used the raised funds to replace the self-raised funds of the investment projects that had been invested in the previous period, which was 199,876,900 yuan, of which the high-end education industry investment project was replaced. The subsidiary Wenkaixing Construction International School project amounted to RMB 4,064,300, repaying the principal and interest of the company's bonds and replenishing the working capital of RMB 15,923,460. This time, the replacement amount of the raised funds does not include supplementary liquidity.

Temporary replenishment of working capital with idle raised funds

The amount and reason for the raised fund balance in the project implementation
 Uses and destinations of unused funds that have not been used As of December 31, 2018, the balance of funds raised by the company is 0, and all fundraising accounts have been cancelled. Problems or other situations in the use and disclosure of raised funds In accordance with the relevant provisions of the “Regulations on the Supervision of Listed Companies No. 2 – Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies”, the deposit and use of funds raised by the company does not exist in time. In the case of true, accurate and complete disclosure, there is no violation of the management of raised funds.

(3) Changes in the funds raised by the project

Applicable Not applicable The company did not have any changes in the funds raised during the reporting period.

6. Sale of major assets and equity

1. Sale of major assets

Applicable Not applicable The company did not sell significant assets during the reporting period.

2. Sale of major equity

Applicable Not applicable

VII. Analysis of major holding companies

Applicable Not applicable to major subsidiaries and shareholding companies that affect the company's net profit by more than 10%

unit: yuan

| Company Name | Company Type | Main Business | Registered Capital | Total Assets | Net Assets |
|------------------|------------------|---|--------------------|------------------|------------------|
| Operating Income | Operating Profit | Net Profit | | | |
| Wenhua Xuexin | Subsidiary | Investment Management and Education Consulting | 9,000,000.00 | 1,253,439,524.92 | -4,101,034.63 |
| | | | | -22,096,897.22 | -16,677,111.35 |
| Wenkaixing | Subsidiary | Education Investment Management and Investment Consulting | | 49,461,952.00 | 2,719,188,895.56 |
| | | | | 996,719,556.22 | 78,553,869.95 |
| | | | | -92,471,728.73 | -70,601,910.49 |
| Kevin Zhixin | Subsidiary | Education Investment Management and Investment Consulting | | 10,000,000.00 | 494,033,939.42 |
| | | | | -17,337,961.12 | 140,178,683.92 |
| | | | | 28,026,352.72 | 20,724,541.21 |
| Kaiwen Letter | Subsidiary | Education Investment Management and Investment Consulting | | | |

20,000,000.00 19,230,097.94 126,467.97 8,155,526.20 -17,509,499.28 -13,162,548.57

Status of obtaining and disposing of subsidiaries during the reporting period Applicable Not applicable

Company Name The impact of the way of obtaining and disposing of subsidiaries during the reporting period on overall production operations and performance

Kaiwen School, Chaoyang District, Beijing, newly established, mainly engaged in academic education

Hunan Kaiwen Xingyi Education Technology Co., Ltd.

Kaiwen Educationg US, Inc. new establishment, no actual operation

Princeton Westminster International, LLC new establishment

Tianjin Kaiwen Star Art Training School Co., Ltd.

Beijing Kaiwen Yimei Education Technology Co., Ltd.

Description of the main holding company

Eight, the structure of the company's control of the main body

Applicable Not applicable

IX. Prospects for the future development of the company

(1) Industry pattern and development trend

In today's world, talent has become the core of national competitiveness, and education has become the foundation of national competitiveness. At present, China is in a critical period of industrial transformation. To achieve leap-forward development, the key is to rely on talents and the foundation is education. Education is the cornerstone of national rejuvenation and social progress, and is the basic project to promote innovation and cultivate talents. As a subdivision of the education industry, international education takes international schools as the source of the industry and is the core source of output for the study abroad group.

During the reporting period, the development status of the company's education industry is as follows:

1. The introduction and implementation of laws and policies strongly promote the development of education

Education is an industry encouraged by China. In recent years, the state has continuously introduced reform policies for the current education system. The State Council and various

ministries and commissions have successively issued a number of policies to support the healthy development of the private education industry.

On August 10, 2018, the Ministry of Justice promulgated the "Regulations on the Implementation of the Law of the People's Republic of China on the Promotion of Private Education (Revised Draft) (Draft for Review)" (hereinafter referred to as "Draft for Review"). While reviewing the supervision of private schools, the "Draft for Review" clarifies the autonomy of private schools. Schools can independently determine the scope, standards and methods of enrollment, and allow private schools to enroll students across regions to ensure the standard of private education. Orderly development.

In March 2017, Premier Li Keqiang proposed in the "2017 State Council Government Work Report" to ensure fair and quality education, which clearly pointed out that "support and standardize the people."

Education development."

In January 2017, the relevant person in charge of the Ministry of Education commented on the "Several Opinions of the State Council on Encouraging Social Forces to Establish Education to Promote the Healthy Development of Private Education" and mentioned that "encouraging social forces to establish education and promote the healthy development of private education is the Party Central Committee. A major decision-making arrangement of the State Council is an important task assigned by the relevant departments and local governments at all levels in the current and future periods."

In November 2016, the Twenty-fourth Meeting of the Standing Committee of the 12th National People's Congress passed the "Decision on Amending the Law of the People's Republic of China on Private Education Promotion", and the revised decision shall come into force on September 1, 2017. The newly revised "Private Education Promotion Law" states: "The organizers of private schools may choose to set up non-profit or for-profit private schools. However, no for-profit private schools that implement compulsory education may be established." The prescribed tax incentives; among them, non-profit private schools enjoy the same tax incentives as public schools."

According to the statistics of the new theory, there were 821 international schools certified or authorized nationwide in 2018, an increase of 11.85% over the previous year, including 121 foreign children's schools, 426 private international schools, and 274 public schools international departments (classes). For the first time, the number of private schools exceeds the total number of public schools and foreign children's schools. From 2016 to 2018, the number of private schools has increased significantly. The number of public schools in the public schools has been

slower, while the number of foreign schools has declined. This has a lot to do with the strong support of the state for running social forces.

2. The society's recognition and demand for private education and international education is getting higher and higher.

With the deepening of economic globalization and the closer political and economic links in the world, the awareness of national education has changed, and the demand for international education has increased. Chinese people have a tradition of attaching importance to education. Children's education has always been one of the focuses of Chinese families. With the improvement of people's living standards, parents pay more attention to their children's education. In order to make children a good talent and a smoother career development in the future, sending children to international schools, participating in international academic courses, accepting special art sports training and training abroad has become an important option for family consumption. With the globalization of the economy, the increase of multinational corporations and frequent foreign exchanges, China's demand for internationalized and compound talents is stronger, which in turn promotes the expansion of the international education industry.

International education is a subdivision of the education industry, which mainly includes holding international schools, overseas study examination training, study abroad consultation, study tours, post-transit services, internships and employment-related services. As the source of the international education industry chain, international schools are the core output source of the study abroad group. Its development level directly affects the whole process of international education.

International schools mainly focus on the enrollment of Chinese students or children of foreign nationals. They provide international education services for students who have overseas study needs, and prepare for their future adaptation to overseas education. Specifically, international schools are guided by the development of students studying abroad, drawing on the excellent foreign teaching models, paying attention to the application and creativity of subject knowledge in the organization of teaching content, and most of the curriculum systems are in line with foreign universities, laying the foundation for students to study abroad. At the same time, international schools pay more attention to children's ability development, comprehensive quality development and international perspective, which is a good fit for parents' needs for children's quality education.

3. The number of students in the K-12 stage is increasing, and the market has broad prospects for development.

According to the 2017 National Statistical Report on Education Development, the number of primary school students in China was 10,093,700 in 2017, an increase of 1,806,900 over the previous year; the number of students enrolled in junior high school was 44,246,600, an increase of 1,126,900 over the previous year; high school students The number of students enrolled was 39.79 million, an increase of 0.93 million over the previous year. In recent years, the national primary and secondary education population has remained at a level of more than 160 million.

In October 2015, China implemented a comprehensive second-child policy. The number of students enrolled in the 2015, 2016 and 2017 K-12 stages was 16,378,600, 16,609,000 and 16,910,300 respectively, up 0.88%, 1.41% and 1.81% respectively. According to the strategic goal of the National Medium- and Long-Term Education Reform and Development Plan (2010-2020), the actual number of students in the K-12 stage in China will reach 212 million in 2020.

4. The government vigorously advocates the development of sports education industry

Minister of Education Chen Baosheng said at the National Education Work Conference in 2019 that in 2019, it is necessary to continue to monitor the physical fitness of students, incorporate sports into the evaluation index system of education modernization, incorporate reforms into the examination system, and incorporate the contents of supervision and evaluation to allow students to participate in sports. Enjoy fun, enhance physical fitness, improve your personality, and temper your will.

In October 2014, the State Council issued the “Several Opinions on Accelerating the Development of Sports Industry to Promote Sports Consumption” (Guo Fa [2014] No. 46), proposing to actively promote the reform of the venue management system and the innovation of operational mechanisms, and introduce and apply modern enterprise systems to stimulate The venue is vibrant. Promote the integrated mode of venue design, construction, operation and management, and combine the functional needs of the event with the comprehensive utilization after the game. Encourage the venue operation and management entity to realize large-scale and professional operation through brand output, management output, capital output, etc.; accelerate the opening of sports facilities such as enterprises and institutions to the society, and open the school sports halls to students in the spare time and take effective measures. Strengthen safety and security, and accelerate the opening of school sports venues to the society; it is required that the total size of the sports industry will exceed 5 trillion yuan by 2025, and it is proposed to form a new sports consumption hotspot with ice and snow as a breakthrough.

In July 2015, the Beijing Municipal People's Government issued the “Implementation Opinions on Accelerating the Development of Sports Industry to Promote Sports Consumption”, proposing “exploring the operation of the operation of sports venues of state-owned enterprises and schools and other state-owned units by third-party operators. The vitality of the stadium. Encourage the stadium's operation and management enterprises with brand influence to achieve scale,

specialization and chain operation through brand output, management output, professional technology and talent output. Create 2 to 3 domestic ones.

Flow, internationally renowned stadium operation management company."

The company actively adapts to the policy orientation, and takes the subsidiary Kaixin Letter as the sports education platform, and carries out strategic cooperation with foreign youth leagues and internationally renowned sports clubs, introduces international quality teachers, conducts professional sports training for young people and holds professional competitions. The combination of sports projects and education creates the characteristics of international school sports, and creates a unique banner in the field of youth sports training, creating a profit growth point for the company.

5. Quality education and training ushered in development opportunities and have a good policy environment

Quality education is aimed at cultivating students' comprehensive abilities of morality, intelligence, beauty and beauty. It focuses on developing and improving students' intellectual level, psychological quality and behavioral habits, and cultivates students' practical ability to analyze problems and solve problems efficiently, making them a high-quality comprehensive Talent. At the same time, the cultivation of comprehensive quality is a process of strong professionalism and long cycle. It is difficult to achieve the goal of quality education by relying on traditional intrinsic courses.

Comprehensive quality education is the core requirement for the development of education in China. At present, the development of the quality education industry has a good national policy environment. The policy of comprehensive quality education has formed a comprehensive coverage from pre-school education to post-education. It requires strict implementation of compulsory education curriculum programs, and it is strictly forbidden to compress the time of comprehensive practical activities, art (or music, art), sports and health. The Ministry of Education issued the "Opinions on Strengthening and Improving the Evaluation of the Comprehensive Quality of Ordinary High School Students", clearly stating that the comprehensive quality evaluation is an observation, record and analysis of the overall development of students, and clarifies ideological and moral, academic level, physical and mental health, and artistic literacy. And comprehensively implement comprehensive quality evaluation in five aspects of social practice.

Faced with the scarcity of education resources in China and the change of parents' education concept, the school's investment in quality education can not meet the demand for education consumption upgrade, making the training market outside the school more and more prosperous,

and quality education and training ushered in development opportunities. More and more families pay attention to the cultivation of children's comprehensive quality and ability to make children receive all-round education as the main educational demand. According to the research report "Quality Education Industry Report 2017", which focuses on the education industry research, the continuous improvement of per capita disposable income will enhance the family's willingness to consume in quality education. After 80 and 90, it gradually became the mainstream group of parents. More attention will be paid to the cultivation of the comprehensive quality of children. The "Spark Guide> Youth Sports Training Organization Research Report" released by the Tsinghua University Sports Industry Development Center in 2017 shows that the youth sports training market is about 230.6 billion yuan, and it is expected to continue to grow in the future.

With the continuity of China's "comprehensive second-child" policy, the continuous improvement of urbanization level, and the continuous expansion of high-net-worth and high-consumption groups, the expenditure on children in education will also increase, and the future will focus on comprehensive ability training. The quality education industry has broad market prospects.

(II) Company development strategy and development goals

The company seizes the good opportunity of the rapid development of China's international education, continuously improves the quality of its international schools, increases the construction of brand management service platforms and market promotion, and enhances the brand influence of Kevin Education. At the same time, relying on the high-quality resources of the entity schools, strengthening the international education industry ecological chain, introducing international and domestic high-level educational resources, achieving strong alliances, in physical education, visual arts, physical arts, vocal training, study abroad, cultural exchanges, etc. Cooperation. While forming the core competitiveness of international schools, we will realize the market-oriented operation of "Kevin Sports", "Kevin Art" and "Kevin Technology", providing one-stop, diversified and multidisciplinary for 4-18 year olds. High-quality quality education services promote the contribution to the development of China's education and achieve good social and economic benefits.

(3) Business plan

1. Enhance the quality of international schools and expand the market share of international schools

The company strives to improve the quality of its international schools, and builds market recognition and reputation through advanced teaching concepts, beautiful campus environment,

and an international curriculum system that suits the national conditions. At the same time, it will increase marketing efforts, participate in international and international education-related activities at home and abroad, enhance the influence of international education brands and expand the international education market share through various means such as construction, investment and cooperation; and ensure the enrollment targets of each campus as scheduled by improving comprehensive strength. Achieved.

2. Building a high quality quality education platform

The company plans to build a number of fully functional youth quality and quality education platforms in first- and second-tier cities such as Beijing and Tianjin, where demand for quality education is strong, so as to deepen the local quality education and training market to meet its growing demand for quality education. The implementation of the high quality quality education platform for adolescents will also play a positive role in the healthy development of the quality education and training market, laying a solid foundation for enhancing the company's educational strength and expanding the national market.

3. Create an online education platform

The company plans to develop its own online education platform while developing a high-quality quality education platform for young people. The company will connect online education platform with offline high-end educational institutions, use offline rich educational resources to promote online platform promotion; use extensive marketing of online platform to promote offline school enrollment, and then create a complete education industry chain.

4. Actively promote professional sports training, camp education and related industry development

The company will rely on the high-quality sports facilities resources of the entity school to cooperate with internationally renowned professional sports institutions to make professional sports training become the characteristics of international school education, and to develop youth professional sports training, camp education, youth professional sports events, etc. Business, the sports industry and international education form a joint force. While expanding the profitability of listed companies, it will play an active role in promoting the promotion and enrollment of international schools.

5. Layout of upstream and downstream industries and related industries in international schools to form an international education industry chain

The company will actively expand overseas study tour and study abroad counseling and other business, and form a joint operation with international schools. At the same time, through the

company's education research institute, strengthen the international education management service platform, develop professional, customized international education consulting and management output business.

6. Steadily promote the development of art education and training

Cooperate with well-known art platforms and educational institutions at home and abroad, explore strategic cooperation with high-quality art and sports resources at home and abroad, make full use of superior resources, and cooperate in art vocal music, study abroad, cultural exchanges, etc., to cultivate and achieve students' art. Cultivation, artistic talent.

7. Continuously expand the international market and promote the global layout of the company's education business

The company will timely promote the global layout of the company's education business, increase strategic cooperation with international quality education resources, enhance the company's cross-cultural operation capabilities, extend the company's business chain to higher education, enhance the company's brand value, and further enhance the company's overall operations. Level and profitability.

8. Enhance the operational capabilities of existing assets

Wenkaixing owns school buildings and hardware facilities. Wenkaixing provides fixed assets such as the above-mentioned school buildings and facilities to Chaoyang Kevin School. The stable and continuous rental income is the embodiment of its asset management ability, and the geographical assets of the above-mentioned school buildings and other assets. The position is superior, such as market-oriented operation, and also has strong asset profitability and stable and continuous rental income.

(4) Possible risks and countermeasures

1. Risk of industry policy changes

In September 2017, the implementation of the Law of the People's Republic of China on the Promotion of Private Education provided an institutional guarantee for the legal operation of private education institutions. However, from the review of the above-mentioned regulations, it is still necessary to fully implement the corresponding supporting laws, regulations and rules for private education. For a certain period of time, there is still some uncertainty in the future. The company will pay close attention to the changes in the K12 education industry policies and regulations, vigorously improve the teaching level, and reduce the risks caused by changes in

industry policies and regulations.

2. Market competition risk

While the market demand in the international education industry has increased substantially, the number of private education schools has also increased. According to the data published in the "National Statistical Report on Education Development in 2017" published by the Ministry of Education, there are 176,600 private schools of various types at all levels in the country, an increase of 668 over the previous year; enrollment of 172,186,000, an increase of 816,300 over the previous year. There were 51.204 million students in various types of education, an increase of 2,951,000 over the previous year. Although the total number of private schools has increased, the overall level of the school is uneven. The company's international schools are in the first echelon of the industry, with a high-quality teaching environment and hardware facilities equivalent to the international level. Through the overall cooperation with excellent educational institutions at home and abroad, it has formed a strong competitive advantage in the aspects of teaching system, teacher strength and brand effect.

The number of private schools is increasing, and the market demand for the international education industry is still growing substantially. The international education industry is a human resource-intensive industry. The operation of international courses requires a complete team. It is difficult for new entrants in the industry to engage in the international education industry without a mature team. Operational experience, teaching reputation and market influence determine the market position of educational companies. The company's Kevin International School cooperates with high-quality educational institutions at home and abroad to introduce a mature international education management team and a teaching system that is in line with international courses, and maintains a strong competitive advantage in the international education market.

3. Intensified competition in excellent faculty talent market

Teachers are one of the core competencies of the development of the education industry. At present, the overall supply of teachers in the market is sufficient, but teachers with deep international education background and rich international teaching experience have certain scarcity, and talent competition leads to an increase in teacher salary.

From a practical point of view, Kevin School is in a favorable position in the market for teacher recruitment, which benefits from the good teaching facilities, teaching environment, educational philosophy and teacher training system of Kevin School. At the same time, Kevin's schooling conditions and the teacher's salary level corresponding to the tuition fees are highly recognized by the market. The company's Education Research Institute provides a stable high-level education faculty team for each school.

4. Other risks As the company's assets in education and related industries continue to expand, different business modules are covered in the system. The company will dynamically optimize the organizational structure and strengthen the allocation of resources according to the scale of business, and start the project post-investment management from the aspects of corporate culture integration, management optimization, management system and superior resource sharing, strategic depth extension, etc., effectively reducing the scale expansion. Risk, speed up synergies.

X. Reception research, communication, interviews, etc.

1. Registration form for receiving research, communication, interviews, etc. during the reporting period

Applicable Not applicable

Reception time Reception method Type of reception object Basic information of the survey
March 01, 2018 Field research organization "Investor Relations Activity Record Form" (No. 2018-001)

May 10, 2018 Other institutions "Investor Relations Activity Record Form" (No. 2018-002)

June 15, 2018 Field research organization "Investor Relations Activity Record Form" (No. 2018-003)

June 28, 2018 Field research organization "Investor Relations Activity Record Form" (No. 2018-004)

August 24, 2018 Telephone communication agency "Investor Relations Activity Record Form" (No. 2018-005)

November 21, 2018 Other institutions "Investor Relations Activity Record Form" (No. 2018-006)

December 14, 2018 Other institutions "Investor Relations Activity Record Form" (No. 2018-007)

Section 5 Important matters

1. Profit distribution of the company's common stock and transfer of capital reserve into share capital

The profit distribution policy of common stock during the reporting period, especially the formulation, implementation or adjustment of the cash dividend policy Applicable Not applicable The current "Shareholders' Return Plan for the next three years (2018-2020)" is the tenth of the fourth board of directors of the company. The second meeting and the 5th Extraordinary General Meeting of Shareholders in 2018 were reviewed and approved. The content is formulated in accordance with the "Guidelines for the Supervision of Listed

Companies No. 3 – Cash Dividends of Listed Companies” issued by the China Securities Regulatory Commission, in line with the provisions of the company's articles of association and review procedures. For details, please refer to the “Future Three Years Shareholder Return Plan (2018-2020) disclosed by the company on June 12, 2018 in Juchao Information Network.

Special description of the cash dividend policy

Whether it meets the requirements of the company's articles of association or the resolutions of the shareholders' meeting: Yes

Whether the dividend standard and ratio are clear and clear: Yes

Whether the relevant decision-making procedures and mechanisms are complete: Yes

Whether the independent directors perform their duties and play their due role:

Whether the minority shareholders have the opportunity to fully express their opinions and appeals, and whether their legal rights are fully protected:

Whether the cash dividend policy is adjusted or changed, and the conditions and procedures are compliant and transparent:

In the past 3 years (including the current reporting period), the company's common stock dividend distribution plan (preplan), capital reserve fund transfer plan (pre-plan) in 2018, the company plans not to distribute cash dividends, do not send bonus shares, not to convert public reserves into share capital In 2017, the company does not distribute cash dividends, does not send bonus shares, and does not convert public reserves into share capital; in 2016, the company does not send cash dividends, does not send bonus shares, does not convert public reserves into share capital; the company has nearly three years (including this report period)) Common stock cash dividends

unit: yuan

Dividend year Cash dividend amount (including tax) The net profit attributable to the common shareholders of the listed company in the consolidated statement of the year. The cash dividend amount accounts for the ratio of the net profit attributable to the common shareholders of the listed company in the consolidated statement. The amount of cash dividends in other ways. The proportion of cash dividends in other ways to the net profit attributable to ordinary shareholders of listed companies in the consolidated statements. Total cash dividends (including other methods) The total cash dividends (including other methods) are attributable to the consolidated statements. Ratio of net profit of common stockholders of listed companies

2018 0.00 -97,954,180.65 0.00% 0.00 0.00% 0.00 0.00%

2017 0.00 23,259,140.11 0.00% 0.00 0.00% 0.00 0.00%

2016 0.00 -96,273,505.28 0.00% 0.00 0.00% 0.00 0.00%

The company made a profit during the reporting period and the parent company's available shareholder's profit distribution was positive but did not propose a common stock cash dividend distribution plan Applicable Not applicable

2. Profit distribution during the reporting period and the conversion of capital reserve to share capital

Applicable Not applicable The company plans not to distribute cash dividends during the year, does not send bonus shares, and does not convert public reserves into share capital.

III. Implementation of commitments

1. Commitments of the company's actual controllers, shareholders, related parties, acquirers and companies that have been promised by the relevant parties during the reporting period and have not been fulfilled at the end of the reporting period.

Applicable Not applicable

| Commitment | Reasons | Commitment Type | Commitment Type | Commitment Content | Commitment Time | Commitment Term | Performance |
|------------|---------|-----------------|-----------------|--------------------|-----------------|-----------------|-------------|
|------------|---------|-----------------|-----------------|--------------------|-----------------|-----------------|-------------|

Commitment to share reform

Commitment made in the acquisition report or the equity change report

Commitment made during asset restructuring

Commitments made during initial public offering or refinancing Badachu Holdings Group Co., Ltd., Huaxuan (Shanghai) Equity Investment Fund Co., Ltd., Zheng Yaping Share Restricted

Commitment The listed company subscribed for this non-public offering of shares, since the end of the issuance It is not transferable within 36 months from the date of the transaction. May 18, 2015 36 months from the end of the company's 2015 non-public offering

Badachu Holdings Group Co., Ltd. Commitment to Avoiding Horizontal Competition During the period of direct or indirect substantial equity control relationship with listed companies, the Company promises not to engage in or participate in the loss of issuers and their minority shareholders during their control of listed companies. The behavior of interest. As of the date of this letter of commitment, except for Wenkaixing, the Company and the Company controlled the long-term normal performance of July 30, 2015.

None of the other companies directly or indirectly engages in any business that competes or may compete with the business of the listed company.

Badachu Holdings Group Co., Ltd. Commitment on related party transactions and capital

occupation 1. Do not use its own shareholder status and significant influence on listed companies, and seek to give listed companies better control over the business of the eight major divisions and their controlled enterprises. The rights of third parties in the market. 2. Do not use its own shareholder status and significant influence on listed companies, and seek priority rights to enter into transactions with listed companies. 3. To prevent the illegal control of the funds and assets of the listed company by the controlling and controlling companies of the eight major offices, under any circumstances, the listed company is not required to provide any form of

guarantee to the enterprises controlled by the eight major offices and the enterprises controlled by them. 4. Enterprises under the control of the eight major offices are not listed. May 18, 2015
Long-term normal performance

The relevant laws, regulations, normative documents and the articles of association of the listed company of the "Justice" and "Shenzhen Stock Exchange Listing Rules" urge the listed company to fulfill its information disclosure obligations and handle the relevant approval procedures.

Equity incentive commitment

Other commitments to the company's minority shareholders. Badachu Holdings Group Co., Ltd. Other Commitments During the period of direct or indirect substantial equity control relationship with the listed company, the company promises not to use its own control over the listed company to engage in or participate in the loss of listed companies. And the behavior of its minority shareholders. July 20, 2016 Long-term normal performance

Jiangsu Huanyu Investment Development Co., Ltd. and Sun Jianping have other commitments to voluntarily lock in the shares of the company they hold. During the above lock-up period, the shares of the listed company held are not transferred in any way. If there is a change in the amount of shares due to the transfer of capital reserve into share capital and bonus shares during the lock-up period, the shares will be locked in. June 06, 2018. From the date of signing the letter of commitment to the date of March 21, 2019, normal performance.

The quantity is adjusted accordingly.

Shi Xiaoyan, Zhang Mei, Zhu Xiaoming, He Yang, Zhu Xiao, Shan Xiaofei, Qu Huifang, Wang Xiaonan, Chen Weili, Ni Qinxiu, Gao Chuansheng Other commitments to voluntarily lock in the shares of the company they hold. During the above lock-up period, the shares of the listed company held are not transferred in any way. If the capital reserve is transferred to the share capital, bonus shares, etc. during the period of the lock-up period, the number of shares will be adjusted accordingly. June 05, 2018 From the date of signing the letter of commitment to the end of March 21, 2019, in normal performance

Commitment to fulfill on time

2. The company's assets or projects have profit forecasts, and the reporting period is still in the profit forecast period. The company explains the assets or projects to achieve the original profit forecast and its reasons.

√ Applicable □ Not applicable

Earnings forecast asset or project name Forecast start time Forecast end time Forecast current performance (RMB 10,000) Current actual results (RMB 10,000) Reasons for failure to reach forecast (if applicable) Original forecast disclosure date Original forecast disclosure index
Beijing Kaiwen Ruixin International Education Technology Co., Ltd. January 01, 2018
December 31, 2018 800 833.49 Not applicable February 16, 2017 Juchao Information Network
"Announcement on the acquisition of assets by the company's wholly-owned subsidiaries"
(Announcement No.: 2017-022)

Commitments made by the company's shareholders and counterparties in reporting the annual operating results Applicable Completion of non-applicable performance commitments and their impact on goodwill impairment testing

4. Non-operating capital occupation of listed companies by controlling shareholders and their related parties

Applicable Not applicable The company does not have any non-operating capital of the controlling company and its related parties to the listed company during the reporting period.

V. Explanation of the Board of Directors, the Board of Supervisors and the Independent Directors (if any) on the “non-standard audit report” of the accounting firm for the reporting period

Applicable Not applicable

6. Explanation of changes in accounting policies, accounting estimates and accounting methods compared with the previous year's financial report

Applicable Not applicable

In June 2017, the Ministry of Finance issued the “Accounting Standards for Business Accounting Interpretation No. 9—Accounting on the Net Loss of Investment under the Equity Method” and “Interpretation of Accounting Standards for Business Enterprises No. 10—Depreciation Based on Income from the Use of Fixed Assets Methodology, “Accounting Standards for Business Accounts Interpretation No. 11—Amortization Method Based on Income from the Use of Intangible Assets” and “Accounting Standards for Business Accounting No. 12—Whether the Providers and Recipients of Key Manager Services are Four explanations, such as related parties, the company explained the above explanation from January 1, 2018.

According to the “Notice on Amending the 2018 Annual General Financial Statement Format” issued by the Ministry of Finance on June 15, 2018 (Accounting [2018] No. 15), enterprises that have not yet implemented the new financial standards and new income standards should Provision of financial statements:

In the balance sheet, “receivable notes” and “accounts receivable” are merged into the new “receivable notes and accounts receivable” items; “dividends receivable” and “interest receivable” are merged into “others”. “Receivables” project; merge “fixed assets cleanup” into “fixed assets” project; merge “engineering materials” into “construction in progress” project;

merge “payable bills” and “payables” to new ones “Payables payables and accounts payable” item; merge “payable dividends” and “interest payables” into “other payables” items; merge “special payables” into “long-term payables” items.

In the income statement, the “R&D expenses” item is separated from the “administrative expenses” item, and the “interest expense” and “interest income” detailed items are split under the financial expense item.

The Company prepared the 2018 financial statements in accordance with the financial statement format specified in Accounting [2018] No. 15, and changed the presentation of relevant financial statements using the retrospective adjustment method. The related presentation adjustment effects are as follows:

Affected consolidated balance sheet and parent company balance sheet as of December 31, 2017
Project consolidated balance sheet parent company balance sheet

Project consolidated balance sheet parent company balance sheet

| | Before adjustment | After adjustment | After adjustment | After adjustment |
|--|-------------------|------------------|------------------|------------------|
| bill receivable | - - - - | | | |
| Accounts receivable | 129,115.44 | — | — | — |
| Notes receivable and accounts receivable | — | 129,115.44 | — | — |
| Interest receivable | 39,474.88 | — | — | — |
| Dividends receivable | — | — | — | — |
| Other receivables | 1,531,272.72 | 1,570,747.60 | 2,566,097,696.88 | 2,566,097,696.88 |
| Fixed assets | 1,387,302,286.83 | 1,387,302,286.83 | — | — |
| Fixed assets cleanup | — | — | — | — |
| Construction in progress | - - - - | | | |
| Engineer material | - - - - | | | |
| Notes payable | 74,831,255.00 | — | 74,831,255.00 | — |
| Accounts payable | 409,007,621.48 | — | — | — |
| Notes payable and accounts payable | — | 483,838,876.48 | — | 74,831,255.00 |
| Interest payable | 417,956.46 | — | 417,291.88 | — |
| Dividend payable | 425,485.61 | — | 425,485.61 | — |
| Other payables | 29,301,990.88 | 30,145,432.95 | 211,677.25 | 1,054,454.74 |
| Long-term payables | - - - - | | | |
| Special payables | — | — | — | — |

2017 consolidated consolidated income statement and parent company income statement
Project consolidated income statement parent company income statement

| | | | | |
|-------------------------|-------------------|------------------|------------------|------------------|
| | Before adjustment | After adjustment | After adjustment | After adjustment |
| Administrative expenses | 69,866,911.95 | 69,866,911.95 | 15,012,228.59 | 15,012,228.59 |
| R&D expenses | — | — | — | — |

VII. Explanations on the correction of major accounting errors during the reporting period that need to be retrospectively restated

Applicable Not applicable The company has no significant accounting errors during the reporting period and needs to be retrospectively re-stated.

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

Applicable Not applicable to new subsidiaries in this period:

No. Subsidiary company full name Subsidiary name Reason for inclusion in the scope of consolidation

- 1 Kaiwen School, Chaoyang District, Beijing Chaoyang School
- 2 Hunan Kaiwen Xingyi Education Technology Co., Ltd. Kaiwen Xingyi New
- 3 Kaiwen Educationg US, Inc. Kevin America Inc.
- 4 Princeton Westminster International, LLC Princeton Corporation
- 5 Tianjin Kaiwen Xingyi Training School Co., Ltd. Tianjin Xingyi New
- 6 Beijing Kaiwen Yimei Education Technology Co., Ltd. Kaiwen Yimei New

IX. Appointment and dismissal of accounting firms

Currently employed accounting firm

Name of domestic accounting firm Huapu Tianjian Certified Public Accountants (special general partnership)

Domestic accounting firm compensation (ten thousand yuan) 85

The number of years of auditing services of domestic accounting firms 11

Names of Certified Public Accountants in Domestic Certified Public Accountants Zheng Lei, Huang Jian, Long Bing

The continuous years of auditing services for certified public accountants in domestic accounting firms Zheng Lei 5 years, Huang Jian 1 year, Long Bing 2 years

Whether to change the hiring of accounting firms in the current period Yes 聘请 Whether to hire internal control auditing accounting firms, financial advisors or sponsors Applicable Not applicable This year, the company hired Guangzhou Securities Co., Ltd. as a sponsor for non-public offering of shares, During the period, a total of 1 million yuan was paid.

X. Suspension of listing and termination of listing after disclosure of annual report

Applicable Not applicable

XI. Bankruptcy and reorganization related matters

Applicable Not applicable The company has not related to bankruptcy reorganization during the reporting period.

12. Major lawsuits and arbitrations

Applicable Not applicable

Basic information on litigation (arbitration) Amount involved (10,000 yuan) Whether to form an estimated liability Whether the litigation (arbitration) progress The litigation (arbitration) trial results and impact Litigation (arbitration) judgment execution Date of disclosure Disclosure index

On June 6, 2013, the company signed the construction contract (technical cooperation) for the construction and installation of the steel structure of the main bridge and the approach bridge project of the Xijiang Fourth Bridge of Zhangzhou City, Guangxi Xizhou Siqiao Project Investment Management Co., Ltd. ("Project Company"). After the "Contract Supplement Agreement", the company completed the performance of part of the contract and was approved by the project company; the project company also promised to pay the corresponding amount. Up to now, the project company has not paid in accordance with the contract. Therefore, the company sued Hongyu Construction Group Co., Ltd., the project company and its shareholders Xu Yizhen, Xu Zhigang and Liu Feng for requesting the cancellation of relevant contracts and claiming related project funds, liquidated damages and related expenses. 14,199.35 No During the trial of the case. According to the "Supplemental Agreement of the Property Rights Transaction Contract" signed by the company and Zhongjing Building Materials, after the sale of the bridge steel structure business, the pending litigation related to the bridge steel structure assets and business caused the company to suffer any actual damage or bear the expenses. , Xinzhongtai is liable to the company for compensation. Therefore, the pending litigation will not have a material impact on the company. None None June 20, 2015 Announcement on Litigation Matters Disclosure by Juchao Information Network (Announcement No.: 2015-070

Company and Chongqing Donggang Ship 15,711.36 No Company and Medium None No 2016 July See the company in detail

Litigation Industry Co., Ltd., Zhongjiao Road and Bridge Construction Co., Ltd., Huicheng Trading Taizhou Co., Ltd. and Shanghai Kanglong Construction Engineering Co., Ltd. Litigation Road Construction Co., Ltd., Huicheng Trading Taizhou Co., Ltd. and Shanghai Kanglong Construction Engineering Co., Ltd. The lawsuit between the two parties has reached a settlement, and the company's lawsuit with Chongqing Donggang Shipbuilding Industry Co.,

Ltd. is in the process of trial. According to the “Supplemental Agreement of the Property Rights Transaction Contract” signed by the company and Zhongjing Building Materials, after the sale of the bridge steel structure business, the pending litigation related to the bridge steel structure assets and business caused the company to suffer any actual damage or bear the expenses. , Xinzhongtai is liable to the company for compensation. Therefore, the pending litigation will not have a material impact on the company. On June 6, 2016, Juchao Information Network disclosed the “Laws Related to Litigation”, July 8, 2016, July 22, 2016, August 1, 2016, July 26, 2018. Notice of Proceedings Promulgated on August 10, 2018

XIII. Punishment and rectification

Applicable Not applicable

| Name/Name | Type | Reason | Investigation | Type of Punishment | Conclusion (if any) | Disclosure Date | Disclosure Index |
|-----------|------|--------|---------------|--------------------|---------------------|-----------------|------------------|
|-----------|------|--------|---------------|--------------------|---------------------|-----------------|------------------|

| | | | | | | | |
|---|--|--|--|--|--|--|--|
| Beijing Wenkaixing Education Investment Co., Ltd. | | On January 5, 2018, the Beijing Municipal Planning and Land Resources Committee project on the construction of Kaiwen International School project in the company's subsidiary Wen Kaixing in Beimafang Village, Jinyu Township, Chaoyang District (Tsinghua High School Kevin International School Project) There was a fine of 200,000 yuan for the construction work without authorization due to the construction drawings. Other corrected | | | | | |
|---|--|--|--|--|--|--|--|

Rectification instructions Applicable Not applicable The relevant construction drawings have been reviewed.

XIV. The integrity of the company and its controlling shareholders and actual controllers

Applicable Not applicable

15. Implementation of the company's equity incentive plan, employee stock ownership plan or other employee incentives

Applicable Not applicable The company has no equity incentive plan, employee stock ownership plan or other employee incentives and its implementation during the reporting period.

16. Major related party transactions

1. Related party transactions related to daily operations

Applicable Not applicable

| Related party | related party | Related party type | Related party transaction | related party transaction |
|---------------|---------------|--------------------|---------------------------|---------------------------|
|---------------|---------------|--------------------|---------------------------|---------------------------|

pricing principle Related party transaction price Related party transaction amount (ten thousand yuan) Proportion of similar transaction amount The approved transaction amount (ten thousand yuan) Whether it exceeds the approved amount The related party transaction settlement method can be Market price of similar transactions obtained Date of disclosure Disclosure index
Tianjin TEDA Construction Group Co., Ltd. is a subsidiary of Zhongtian Controlling Shareholders. Leasehold rentals to related parties. Lease fee is negotiated with reference to market price. 289.17 million yuan 289.17 25.95% 289.17 No Bank transfer or bill settlement 2,917,700 yuan August 28, 2018 Network

Real Estate Development Co., Ltd. Announcement of Signing a Lease Contract and Related Transactions (Announcement No.: 2018-066)

Beijing Wanjiixin Property Management Co., Ltd. The company controlled by Zhang Jingming, the controlling shareholder, purchased the services from related parties. Property fees were negotiated with reference to the market price. 1,757.74 million 1,757.74 100.00% 1,757.74 No Bank transfer or bill settlement 1,757.74 million February 16, 2017 Japan Juchao Information Network Announcement on New Related Connected Transactions in 2017 (Announcement No.: 2017-023), Announcement on Related Party Transactions (Announcement No.: 2017-128)

Beijing Guoke New Industry Investment Co., Ltd. Subsidiary of Holding Company Lease of house building and land use right to related parties Lease fee Negotiated with reference to market price Negotiation 705.68 million yuan 705.68 63.32% 705.68 No Bank transfer or bill settlement 70.558 million yuan November 17, 2016 Japan Juchao Information Network Announcement on Estimating New Related Connected Transactions (Announcement No.: 2016-081)

Total -- -- 2,752.59 -- 2,752.59 -- -- -- -- --

Details of the return of large sales of goods

If the total amount of daily related transactions that will occur in the current period is estimated by category, the actual performance (if any) during the reporting period is not applicable. Reason for the difference between the transaction price and the market reference price (if applicable) Not applicable

2. Related transactions in the acquisition or sale of assets or equity

Applicable Not applicable The company did not have any related party transactions or equity acquisitions or sales during the reporting period.

3. Related party transactions for joint external investment

Applicable Not applicable The company did not have any related party transactions for joint external investment during the reporting period.

4. Related creditor's rights and debts

√ Applicable Not applicable Whether there are non-operating related credits and debts √ Yes No receivables from related parties

Related party Relationships Reasons for the existence of non-operating funds Occupied initial balance (ten thousand yuan) New amount in the current period (ten thousand yuan) The amount recovered in the current period (ten thousand yuan) Interest rate Current interest (ten thousand yuan) Ending balance (ten thousand yuan)

Payable to related party debt

Related party Association relationship Reason for formation Opening balance (ten thousand yuan) New amount in the current period (ten thousand yuan) Repayment amount in the current period (ten thousand yuan) Interest rate Current interest (ten thousand yuan) Ending balance (ten thousand yuan)

Badachu Holdings Group Co., Ltd. Controlling Shareholders Borrowing 0 22,000 22,000 4.35% 315.86 0

5. Other major related party transactions

√ Applicable Not applicable

(1) Non-public offering of shares

After the 12th meeting of the 4th Board of Directors of the Company and the 5th Extraordinary General Meeting of Shareholders in 2018, the company intends to issue non-public offering of shares, the number of issuance shall not exceed 20% of the total share capital before the issuance, ie not more than 99,713,397 shares (including This number), and the total amount of funds raised does not exceed RMB 1 billion (including the number), after deducting the issuance expenses, it will be used for the “Adolescent High Quality Quality Education Platform Project”. The controlling shareholder of the company, Badachu Holding Group Co., Ltd. agreed and promised that its subscription amount should not be less than 10% of the total number of shares issued by the company. This non-public offering of shares constitutes a connected transaction.

As of the disclosure date of this report, the company has responded to the second feedback from the China Securities Regulatory Commission. Major related party transactions, interim report disclosure website related inquiry

Temporary Announcement Name Temporary Announcement Disclosure Date Temporary Announcement Disclosure Website Name

XVII. Major contracts and their performance

1. Cases of custody, contracting and leasing

(1) Trusteeship

Applicable Not applicable The company did not have a custody situation during the reporting period.

(2) Contracting situation

Applicable Not applicable The company did not have contracting during the reporting period.

(3) Lease situation

Applicable Not applicable The company did not have a lease during the reporting period.

2. Major guarantee

Applicable Not applicable

(1) Guarantee situation

Unit: 10,000 yuan

External guarantees of the company and its subsidiaries (excluding guarantees for subsidiaries)
 Name of the guarantee object The date of the disclosure related to the guarantee amount The amount of the guarantee The actual date of occurrence The actual amount of the guarantee Type of guarantee The period of guarantee Whether it has been fulfilled Is it guaranteed by the related party?

Jiangsu Xinzhongtai Bridge Steel Structure Engineering Co., Ltd. August 10, 2017 30,107.45
 30,107.45 Joint liability guarantee Same project implementation time No Yes

Jiangsu Xinzhongtai Bridge Steel Structure Engineering Co., Ltd. October 18, 2017 61,414.8
 61,414.8 Joint liability guarantee Same project implementation time No Yes

Total amount of external guarantees approved during the reporting period (A1) 0 Total actual amount of external guarantees during the reporting period (A2) 0

Total external guarantees approved at the end of the reporting period (A3) 91,522.25 Total external guarantee balance at the end of the reporting period (A4) 91,522.25

Company's guarantee for subsidiaries

Name of the guarantee object The date of the disclosure related to the guarantee amount The amount of the guarantee The actual date of occurrence The actual amount of the guarantee Type of guarantee The period of guarantee Whether it has been fulfilled Is it guaranteed by the related party?

Beijing Wenkaixing Education Investment Co., Ltd. June 22, 2018 130,000 June 29, 2018
 130,000 Joint liability guarantee Two years from the date of expiration of the loan term under the
 Loan Contract No

Total amount of guarantees approved to subsidiaries during the reporting period (B1) 130,000

Total actual amount of guarantees to subsidiaries during the reporting period (B2) 100,000

Total amount of guarantees to subsidiaries approved at the end of the reporting period (B3)

130,000 Total balance of actual guarantees to subsidiaries at the end of the reporting period (B4)
 100,000

Subsidiary guarantees for subsidiaries

Name of the guarantee object The date of the disclosure related to the guarantee amount The
 amount of the guarantee The actual date of occurrence The actual amount of the guarantee Type
 of guarantee The period of guarantee Whether it has been fulfilled Is it guaranteed by the related
 party?

Total company guarantee (ie the total of the top three items)

Total amount of approval guarantees during the reporting period (A1+B1+C1) 130,000 Total
 actual amount of guarantees during the reporting period (A2+B2+C2) 100,000

Total amount of guarantees approved at the end of the reporting period (A3+B3+C3) 221,522.25

Total actual guarantee balance at the end of the reporting period (A4+B4+C4) 191,522.25

The actual total amount of guarantee (ie A4+B4+C4) accounts for 90.92% of the company's net
 assets.

among them:

The total amount of the guarantee exceeds 50% of the net assets (F) 86,201.52

The total amount of the above three guarantees (D+E+F) 86,201.52

Specific description of the use of composite guarantee

(1) Description of the company's guarantee for Xinzhongtai

The company held the third meeting of the fourth board of directors on August 9, 2017 to deliberate and approve the “Proposal on Providing External Guarantees for Full-Funded Subsidiaries”, which will be held on October 16, 2017 and November 15, 2017, respectively. The 4th meeting of the 4th Board of Directors and the 5th Extraordinary General Meeting of Shareholders in 2017 reviewed and approved the “Proposal on Providing Guarantees”, and agreed to change the contractual main body of the company’s original part of the bridge steel structure to Jiangsu Xinzhongtai. Bridge Steel Structure Engineering Co., Ltd. (hereinafter referred to as “Xinzhongtai”) continued to provide joint and several liability guarantees, and the total contract amount of the project was 915,222,499.77 yuan. In order to ensure that the interests of listed companies are not impaired, Tianjin Zhongjing Building Materials Co., Ltd., a 100% equity transferee of Xinzhongtai, and Xinzhongtai jointly provide counter guarantee for the above-mentioned company's external guarantee.

On January 7, 2019, the company received the 7th project manager of the S26 highway into the city section of the Fourth Engineering Co., Ltd. of China Communications Second Aviation Administration and the railway construction of the Nanjing Yangtze River Bridge of the China Railway Bridge Bureau Wuhan Bridge Special Technology Co., Ltd. The “Consent Letter” issued by the Project Manager Department regarding the release of the company's guarantee responsibility, in view of the Shanghai S26 highway into the city section of the 7 standard project and the Nanjing Yangtze River Bridge road bridge maintenance and reconstruction of the iron-related project has been completed and completed, and completed traffic. Since January 7, 2019, the company no longer has to undertake any guarantee responsibility for the performance of the above two projects, the amount of external guarantees is 127.245 million yuan, and the remaining external guarantee amount is 78,797,500 yuan.

As of the end of December 2018, the amount of settlement confirmed by the above nine guarantee projects has increased to 643 million yuan, and the amount that the company may actually need to assume the guarantee responsibility has dropped to 272 million yuan.

(II) Description of the company's application for guarantee for Wenkaixing's application for comprehensive bank credit

The company held the 13th meeting of the 4th Board of Directors and the 4th Extraordinary General Meeting of Shareholders in 2018 deliberated and passed the “Proposal on Providing Guarantee for the Application of Comprehensive Bank Credit for Whole-Funded Subsidiaries”, which was the wholly-owned subsidiary Wen Kaixing. The Industrial and Commercial Bank of China Co., Ltd. Beijing Haidian Sub-branch has a comprehensive credit guarantee of 1.3 billion yuan to provide joint liability guarantee. At the same time, Beijing Wenhua Xuexin Education Investment Co., Ltd., a wholly-owned subsidiary of the company, provided pledge guarantees with its 100% equity interest in Beijing Wenkaixing Education Investment Co., Ltd.

(2) Non-compliance external guarantees

Applicable Not applicable The company has no illegal external guarantees during the reporting period.

3. Entrust others to manage cash assets

(1) Entrusted financial management

Applicable Not applicable for entrusted financial management during the reporting period

Unit: 10,000 yuan

Specific types of funds for entrusted wealth management Entrusted wealth management amount
 Unexpired balance Overdue amount not recovered
 Bank wealth management products own funds 70,200 800 0
 Total 70,200 800 0

High-risk entrusted wealth management with a single amount of significant amount or low security, low liquidity, and non-guaranteed business Applicable Not applicable Entrusted wealth management is expected to be unable to recover the principal or other circumstances that may result in impairment Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable The company did not have an entrusted loan during the reporting period.

4. Other major contracts

Applicable Not applicable The company did not have other major contracts during the reporting period.

18. Social responsibility

1. Performing social responsibility

In the course of business operations, the company strictly abides by the laws and regulations and regulates its operations. At the corporate governance level, the company strictly follows the "Articles of Association" and the "Rules of the General Meeting of Shareholders" to regulate the convening and holding procedures of the board of supervisors, the board of directors and the shareholders' meeting. And actively fulfill the information disclosure obligations; in the exchanges and interactions with investors, the company strictly, in accordance with the requirements of relevant laws and regulations, to carry out the disclosure of information in a true, accurate, complete and timely manner. At the same time, the "interaction easy" is used efficiently, and investors' questions are promptly responded to effectively manage investor relations.

The company integrates social responsibility into the company's development and safeguards the legitimate rights and interests of customers, employees, shareholders, creditors and other stakeholders. With the goal of "cultivating leaders with family feelings and international vision", we will work hard to "guide students to find the right path for themselves; help teachers climb the dream of education; promote the school to rank among the world's top schools" as the vision.

Contribute to the development of the education industry. At the same time, the company adheres to the people-oriented values and protects employees' rights and interests. While creating economic value for shareholders, we actively fulfill the social responsibility of listed companies and make positive contributions to industrial development.

2. Fulfilling the social responsibility of precise poverty alleviation

The company has not carried out accurate poverty alleviation work in the report year, and there is no follow-up precision poverty alleviation plan.

3. Environmental protection related situations

Whether the listed company and its subsidiaries belong to the key pollutant discharge units announced by the environmental protection department are not applicable to the key pollutant discharge units announced by the environmental protection department.

19. Description of other major events

Applicable Not applicable The company has no other major events that need to be explained during the reporting period.

20. Major events of the company's subsidiaries

Applicable Not applicable

On June 21, 2018, the company's wholly-owned subsidiary, Wenhua Xuexin, signed an "Acquisition and Sale Agreement" with Rider University, and Wenhua Xuexin, a subsidiary established in New Jersey, USA, Princeton Westminster West International Co., Ltd. acquired the Westminster Choir College, Westminster Conservatory of Music and the Westminster Conservatory of Music, under the terms of the Acquisition and Sale Agreement. The assets of Westminster Continuing Education and its subsequent operations. The transaction price is 40 million US dollars (US\$40,000,000). The company held the 13th meeting of the 4th Board of Directors on June 21, 2018 to deliberate and approve the "Proposal on Establishing Subsidiaries to Acquire Assets Overseas" and disclosed on "Journey on the website" on June 22, 2018. Announcement on the Establishment of Subsidiaries to Acquire Assets Overseas (Announcement No.: 2018-045). According to the current "People's Republic of China Private Education Promotion Law", the organizers of non-profit private schools are not allowed to obtain school income, and the school's school balances are all used for running schools. Both Chaoyang School and Haidian School were registered as non-profit private schools. The total balance of schooling during the reporting period was RMB 594,200, and the accumulated school balance at the end of

the reporting period was RMB -37,770,800.

Section VI Changes in Shares and Shareholders

I. Changes in shares

1. Changes in shares

Unit: Stock

Before this change, the increase or decrease of this change (+,-) after this change

| Quantity | Proportion | New shares issued | Shares CPF converts | Other | Subtotals | Quantity | Proportion |
|----------|------------|-------------------|---------------------|-------|-----------|----------|------------|
|----------|------------|-------------------|---------------------|-------|-----------|----------|------------|

| | | | | | | | |
|---|-------------|--------|----------|----------|-------------|--|--------|
| I. Shares subject to restrictions on sale | 188,084,437 | 37.72% | -512,200 | -512,200 | 187,572,237 | | 37.62% |
|---|-------------|--------|----------|----------|-------------|--|--------|

| | | | | | | | |
|--|-------------|--------|-------------|--------|--|--|--|
| 2. State-owned legal person holding shares | 150,053,590 | 30.10% | 150,053,590 | 30.10% | | | |
|--|-------------|--------|-------------|--------|--|--|--|

| | | | | | | | |
|------------------------------------|------------|-------|----------|----------|------------|--|-------|
| 3. Other domestic capital holdings | 38,030,847 | 7.62% | -512,200 | -512,200 | 37,518,647 | | 7.52% |
|------------------------------------|------------|-------|----------|----------|------------|--|-------|

| | | | | | | | |
|--|------------|-------|------------|-------|--|--|--|
| Among them: domestic legal person holding shares | 26,795,284 | 5.37% | 26,795,284 | 5.37% | | | |
|--|------------|-------|------------|-------|--|--|--|

| | | | | | | | |
|---|------------|-------|----------|----------|------------|--|-------|
| Domestic natural persons holding shares | 11,235,563 | 2.25% | -512,200 | -512,200 | 10,723,363 | | 2.15% |
|---|------------|-------|----------|----------|------------|--|-------|

| | | | | | | | |
|------------------------|-------------|--------|---------|---------|-------------|--|--------|
| 2. Unrestricted shares | 310,482,550 | 62.28% | 512,200 | 512,200 | 310,994,750 | | 62.38% |
|------------------------|-------------|--------|---------|---------|-------------|--|--------|

| | | | | | | | |
|---------------------|-------------|--------|---------|---------|-------------|--|--------|
| 1. RMB common stock | 310,482,550 | 62.28% | 512,200 | 512,200 | 310,994,750 | | 62.38% |
|---------------------|-------------|--------|---------|---------|-------------|--|--------|

| | | | | | | | |
|------------------------|-------------|---------|---|---|-------------|--|---------|
| Total number of shares | 498,566,987 | 100.00% | 0 | 0 | 498,566,987 | | 100.00% |
|------------------------|-------------|---------|---|---|-------------|--|---------|

Reasons for changes in shares Applicable Not applicable On November 27, 2017, Mr. Yu Zheng resigned as a director and senior manager of the company. Mr. Bao Zheng resigned as a supervisor of the company. Mr. Chen Hongbo resigned as a senior manager of the company and left the company according to regulations. Within six months, the company's shares are 100% locked; after half a year, the transferred shares do not exceed 25% of the total number of shares held by the company; the former senior management of the company Zhu Xiao and the former director accounted for the unlocking of the shares held by Shishi . Approval of changes in shares Applicable Transfer of non-applicable share changes Applicable Progress of implementation of share repurchase Applicable Not applicable Progress of implementation of reduction of shareholding shares by centralized bidding Applicable Not applicable Impact of changes in shareholdings on financial indicators such as the basic earnings per share and diluted earnings per share for the most recent year and the most recent period, net assets per share attributable to ordinary shareholders of the company Applicable Not applicable to the company as deemed necessary or required by securities regulators to disclose Other content Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

Unit: Stock

Name of Shareholders The number of shares restricted at the beginning of the period The number of shares released in the current period The number of shares released in the current period Increase the number of shares sold in the period. Number of shares sold at the end of the period. Reasons for the restriction.

Yu Zheng 2,000 500 1,500 Mr. Yu Zheng resigned as a director and senior manager of the company on November 27, 2017. He holds 100% of the company's shares within six months after leaving the company according to the regulations. The shares transferred each year after half a year do not exceed the holdings. 25% of the company's total shares. -

Baohan 2,000 500 1,500 Mr. Bao Zheng resigned as a supervisor of the company on November 27, 2017. He holds 100% of the company's shares within six months after leaving the company according to the regulations. The annual transfer of shares does not exceed the company's shares after half a year. 25% of the total. -

Chen Hongbo 3,000 750 2,250 Mr. Chen Hongbo resigned as a senior manager of the company on November 27, 2017. He holds 100% of the company's shares within six months after leaving the company according to the regulations. The annual transfer of shares not exceeding the total number of shares held by the company after half a year. 25%. -

Zhu Xiao 505,000 505,000 0 Former Senior Management -

Accounted for 5,450 5,450 0 Former Director -

Total 517,450 512,200 0 5,250 -- --

2. Securities issuance and listing

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

Applicable Not applicable

2. Changes in the total number of shares of the company and the structure of shareholders, and changes in the structure of the company's assets and liabilities

Applicable Not applicable The company's original shareholding of more than 5% of shares Zhejiang Huike Asset Management Co., Ltd. on September 13, 2018 through the block transaction to reduce its holdings of 5,131,700 shares of the company, accounting for 1.029% of the company's total shares. After the reduction, Zhejiang Huike Asset Management Co., Ltd. holds 24,928,300 shares, accounting for 4.9999% of the company's total shares. Zhejiang Huike is no longer a shareholder with more than 5% of the company's shares and no longer has a major shareholder status.

3. Existing internal employee stocks

Applicable Not applicable

Third, the situation of shareholders and actual controllers

1. Number of shareholders and shareholdings of the company

Unit: Stock

Total number of ordinary shareholders at the end of the reporting period 12,497 Total number of ordinary shareholders at the end of the previous month before the disclosure date of the annual report 13,717 The total number of preferred shareholders whose voting rights were restored at the end of the reporting period (if any) (see Note 8) 0 Preferred stocks with voting rights restored at the end of last month before the disclosure of the annual report Total number of shareholders (if any) (see note 8) 0

Shareholdings of shareholders holding more than 5% of shares or top 10 shareholders

Name of shareholder Nature of shareholder Shareholding ratio Number of shares held at the end of the reporting period Changes in the number of shares held during the reporting period Number of shares holding restricted sales conditions Number of shares holding unrestricted conditions Pledge or freeze

Stock status

Badachu Holdings Group Co., Ltd. State-owned legal person 32.60% 162,547,954 2,541,861 shares 150,053,590 12,494,364 Pledge 81,000,000

Huaxuan (Shanghai) Equity Investment Fund Co., Ltd. Domestic non-state legal person 5.37% 26,795,284 26,795,284 Pledge 26,795,194

Zhejiang Huike Asset Management Co., Ltd. Domestic non-state legal person 4.03% 20,110,000 Reduce 9,950,000 shares 20,110,000

Jiangsu Hengyuan Real Estate Development Co., Ltd. Domestic non-state legal person 2.21% 11,028,334 Reduced 4,000,000 shares 11,028,334

Zheng Yaping Natural person in the territory 2.15% 10,718,113 10,718,113

Jiangsu Huanyu Investment Development Co., Ltd. Domestic non-state legal person 2.09% 10,417,620 Reduced 682,851 shares 10,417,620

Beijing Jinglu Industrial Investment Co., Ltd. Domestic non-state legal person 1.81% 9,030,350 Reduced 478,800 shares 9,030,350

Bank of China Fund Company - Bank of China - Bank of China Limited Other 1.64% 8,194,873 Increased 6,344,701 shares 8,194,873

Industrial and Commercial Bank of China - BOC Revenue Mixed Securities Investment Fund Other 1.44% 7,159,998 Increased 2,575,300 shares 7,159,998

Guo Linpeng Natural person in the territory 1.40% 6,994,200 Increased 6,994,200 shares 6,994,200

Description of the above shareholder relationship or concerted action Not applicable

Top 10 shareholders holding shares without restrictions on sales

Name of shareholder The number of shares held for unrestricted shares at the end of the reporting period

Type of shares

Zhejiang Huike Asset Management Co., Ltd. 20,110,000 RMB common stock 20,110,000

Badachu Holdings Group Co., Ltd. 12,494,364 RMB ordinary shares 12,494,364

Jiangsu Hengyuan Real Estate Development Co., Ltd. 11,028,334 RMB ordinary shares 11,028,334

Jiangsu Huanyu Investment Development Co., Ltd. 10,417,620 RMB ordinary shares 10,417,620

Beijing Jinglu Industrial Investment Co., Ltd. 9,030,350 RMB ordinary shares 9,030,350

Bank of China Fund Company - Bank of China - Bank of China Limited 8,194,873 RMB ordinary shares 8,194,873

Industrial and Commercial Bank of China - BOC Revenue Mixed Securities Investment Fund 7,159,998 RMB ordinary shares 7,159,998

Guo Linpeng 6,994,200 RMB ordinary shares 6,994,200

Industrial and Commercial Bank of China - BOC China Select Mixed Open-end Securities Investment Fund 6,896,643 RMB ordinary shares 6,896,643

Shanghai Jinwen International Trading Co., Ltd. 6,033,787 RMB ordinary shares 6,033,787

Description of the relationship or concerted action between the top 10 unrestricted tradable shareholders and the top 10 unrestricted tradable shareholders and the top 10 shareholders

Whether the top 10 ordinary shareholders and the top 10 unrestricted ordinary shareholders of the company have agreed to repurchase transactions during the reporting period Yes No

The top 10 ordinary shareholders and the top 10 unrestricted ordinary shareholders are reporting There was no agreed repurchase transaction during the period.

2. The company's controlling shareholder

Nature of controlling shareholder: local state-owned controlling shareholder type: legal person

Name of controlling shareholder Legal representative / person in charge of establishment Date of establishment Organization code Main business

Badachu Holdings Group Co., Ltd. Fu Hongling January 21, 2015 9111010833024522XY Investment Management; Asset Management

Shareholdings of other domestic and overseas listed companies controlled by the controlling shareholder during the reporting period

Change of controlling shareholder during the reporting period Applicable Not applicable The

company has not changed its controlling shareholder during the reporting period.

3. The actual controller of the company and its concerted actors

The nature of the actual controller: the type of actual controller of the local state-owned assets management institution: legal person

Actual controller name Legal representative/unit leader Date of establishment Organization code
Main business

Beijing Haidian District People's Government State-owned Assets Supervision and Administration Commission Not applicable July 16, 2004 None

The equity of other domestic and overseas listed companies controlled by the actual controller during the reporting period Haidian District State-owned Assets Supervision and Administration Commission holds 62.54% of the shares of Beijing Cuiwei Building Co., Ltd. through its holding company. It holds 33.96% of the shares of Beijing Sanju Environmental Protection New Materials Co., Ltd. and holds 17.90% of the shares of Beijing Jinyi Culture Development Co., Ltd.

Actual controller changes during the reporting period Applicable Not applicable

The actual controller of the company did not change during the reporting period. Block diagram of the property rights and control relationship between the company and the actual controller

The actual controller controls the company through trust or other asset management methods Applicable Not applicable

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

Applicable Not applicable

5. The controlling shareholder, the actual controller, the reorganization party and other commitment entities limit the reduction of shares

Applicable Not applicable

Section VII. Preference shares

Applicable Not applicable The company does not have preferred stock during the reporting period.

Section VIII Directors, Supervisors, Senior Management and Employees

I. Changes in shareholdings of directors, supervisors and senior management personnel

| Name | Position | Status of employment | Gender | Age | Term start date | Term of termination date | Number of shares held at the beginning of the period (shares) | Number of shares held in the current period (shares) | Number of shares held in the current period (shares) | Other increase or decrease (shares) | Number of shares held at the end of the period (share) |
|-----------------------|---|----------------------|--------|-----|-------------------|--------------------------|---|--|--|-------------------------------------|--|
| Xu Guangyu | Chairman and General Manager | Current | Male | 54 | August 08, 2016 | July 13, 2020 | | | | | |
| Xu Huadong | Director | Current | Male | 59 | January 12, 1818 | July 13, 2020 | | | | | |
| Shi Yu | Director, Deputy General Manager, Secretary of the Board of Directors | Present | Female | 38 | August 08, 2016 | July 13, 2020 | | | | | |
| Dong Qi | Director, Deputy General Manager, Chief Financial Officer | Current | Male | 40 | August 08, 2016 | July 13, 2020 | | | | | |
| Zhu Dalian | Independent Director | Current | Male | 44 | August 26, 2016 | July 13, 2020 | | | | | |
| Xie Feng | Independent Director | Current | Male | 45 | August 26, 2016 | July 13, 2020 | | | | | |
| Qian Mingxing | Independent Director | Current | Male | 56 | August 08, 2016 | July 13, 2020 | | | | | |
| Chen Huiwen | Chairman of the Supervisory Board | Current | Female | 62 | August 08, 2016 | July 13, 2020 | | | | | |
| Ma Deling | Supervisor | Current | Female | 47 | December 12, 2018 | 2020 July 13 | | | | | |
| Fuli Wang (Wang Fuli) | Supervisor | Current | Female | 56 | December 26, 2018 | July 13, 2020 | | | | | |
| Li Yong | Deputy General Manager | Current | Male | 36 | December 4, 2018 | July 13, 2020 | | | | | |
| Dong Shunlai | Director | Departure | Male | 57 | August 08, 2016 | June 08, 2018 | | | | | |
| Chen Nangang | Independent Director | Departure | Female | 73 | August 26, 2016 | June 08, 2018 | | | | | |
| Li Forever | Supervisor | Departure | Male | 36 | June 26, 2017 | December 4, 2018 | | | | | |
| Jing Mingqi | Supervisor | Leaved | Female | 32 | November 27, 2017 | December 25, 2018 | | | | | |
| Total | -- -- -- -- -- | | | 0 | 0 | 0 | | | | | |

2. Changes in the company's directors, supervisors and senior management personnel

√ Applicable □ Not applicable

| Name | Position of job | Type | Date | Reason |
|--------------|----------------------|---------------------------|-------------------|--------------|
| Shun Lai | Directors | Leave Office | June 8, 2018 | Work Changes |
| Chen Nangang | Independent Director | Leave | June 8, 2018 | Work Changes |
| Li Yong | Supervisor | Appointment and Dismissal | December 4, 2018 | Work Changes |
| Jing Mingqi | Supervisor | Leaves | December 25, 2018 | Work Changes |

Third, the position of office

The company's current background of directors, supervisors, and senior management, professional work experience, and current main duties in the company

(1) Basic information of company directors

Mr. Xu Guangyu, Bachelor of Law, Peking University, has been a staff member of Beijing Residential Development and Construction Corporation since 1988, General Manager of Beijing Qihui Decoration Engineering Co., Ltd., General Manager of Beijing Juran Home Investment Holding Group Co., Ltd., Deputy of Beijing Wanjing Real Estate Development Co., Ltd. General Manager, Chairman of Beijing Heng Fund Real Estate Agency, and has served as Chairman of Beijing Wenkaixing Education Investment Co., Ltd. since 2013. Since August 2016, he has been the chairman and general manager of the company.

Mr. Xu Huadong, deputy director of the Logistics Department of the People's Liberation Army from 1978 to 2000, deputy director and director of the Planning and Finance Department of the General Economic and Trade Bureau of the People's Liberation Army; from 2000 to 2003, he was appointed as a state-owned asset investment operation in Haidian District, Beijing. Head of the company's business; Chief Accountant of Beijing Longhaiyuan Development and Construction Co., Ltd. from 2003 to 2008; Chief Accountant of Beijing Haidian Science and Technology Park Co., Ltd. from 2008 to 2009, and Secretary of Party Committee of Badachu Holding Group Co., Ltd. since 2009, Deputy General Manager. Since January 2018, he has served as a director of the company.

Ms. Shi Yu, Master of Business Administration, Renmin University of China, Master of Finance, Tulane University, USA. She has served as Senior Assistant to CEO of SEAWORLD- JVC Group Asia since July 2003. Assistant Manager of Asia Pacific North China Region of Carlson Group, January 2012 to 2015 In January, he served as Secretary of the Board of Directors and Assistant General Manager of Beijing Bada Real Estate Group Co., Ltd. From January 2015 to July 2016, he served as Secretary of the Board of Directors and Assistant General Manager of Badachu Holding Group Co., Ltd. Since August 2016, he has served as director, deputy general manager and secretary of the board of directors of the company.

Mr. Dong Qi, Bachelor of International Finance, Fudan University, China Certified Public Accountant, has served as Assistant Manager of Ernst & Young Accounting (E&Y) Audit Department since September 2003, Manager of KPMG Business Consulting Co., Ltd. (KPMG), Hong Kong Governor and Asset Management Limited The company's vice president, from March 2014 to present, worked for Hong Kong Hongcheng Asia Pacific Investment Co., Ltd. as an executive director. From September 2014 to October 2015, he served as executive director and financial advisor of Beijing Enterprises Healthcare Industry Group Co., Ltd. (HK2389). . Since August 2016, he has served as director, deputy general manager and financial controller of the company.

Mr. Zhu Danian, Bachelor of Economics, University of International Business and Economics,

China Europe International Business School (CEIBS) EMBA. From 1997 to February 2010, he served as senior auditor of KPMG of KPMG Huazhen Certified Public Accountants, financial manager of Lucent Technologies (China) Co., Ltd., senior financial manager of Affin Food (Beijing) Co., Ltd., Asia Media Co., Ltd TSE 2149) Executive Director / CFO, Vice President of China Zhonghe Co., Ltd. / CFO, Vice President/CFO of Chengyu Lida Co., Ltd.; February 2010 to present, General Manager of Zhuhai Century Dingli Technology Co., Ltd. (300050) Director, since August 2016, he has served as an independent director of the company.

Mr. Xie Feng, Bachelor degree in Accounting, Department of Applied Economics, Beijing University of Technology, China Certified Public Accountant, China Certified Tax Agent. From 1997 to 2015, he served as Project Manager of China International Economic Consulting Corporation, Senior Manager of Audit Department of PricewaterhouseCoopers Zhongtian Certified Public Accountants, Director of Global Business Consulting (Beijing) Co., Ltd., Vice President of Finance of Fun Travel Technology Group, Touch Technology Group Finance Director. Since 2015, he has served as Director and CFO of Ledao Interactive Technology Co., Ltd. Since August 2016, he has served as an independent director of the company.

Mr. Qian Xing, Doctor of Law, has served as a teaching assistant, lecturer and associate professor of the Law Department of Peking University since August 1986. Since August 1999, he has been a professor at Peking University Law School. He is currently the executive director of the Civil Law Society of the Chinese Law Society, the vice president of the Beijing Civil Law Association, the China International Economic and Trade Arbitration Commission, the Beijing Arbitration Commission, the South China International Economic and Trade Arbitration Commission, the Hefei Arbitration Commission arbitrator, and the Beijing Qingzhi Law Firm. lawyer. Since August 2016, he has served as an independent director of the company.

(II) Basic information of the company's supervisors

Ms. Chen Huiwen, a bachelor degree in Beijing Foreign Language Teachers College, completed her postgraduate studies in education at the University of Sheffield, UK. He once served as an English teacher, teaching director and vice president of teaching in Beijing No. 2 Middle School, and was in charge of the teaching work of Beijing No. 2 Middle School and Beijing No. 2 International Department. From August 2016 to July 2017, he served as the shareholder representative supervisor of the company. Since July 2017, he has served as the chairman of the company's supervisory board.

Ms. Ma Deling, Master of Education, Beijing Normal University. He has served in the secondary school of Capital Normal University for 22 years. He served as assistant to the middle school principal of the Capital Normal University and director of the international department. He has been engaged in the teaching of general high school education for 12 years and the project

management of the American and American courses (AP course in the United States for 10 years). . He has extensive experience in the guidance of American universities, the research and development of Chinese and foreign courses, the exploration of educational management innovation models, and the appointment and management of foreign teachers. He has been rated as an outstanding teacher in Haidian District of Beijing, an outstanding teacher of the education system in Haidian District of Beijing, an excellent ‘four-owned’ teacher in Haidian District of Beijing, and a young advanced education worker in the education system of Haidian District, Beijing. Since August 2018, he has served as the course director and vice president of Beijing Haidian Kewen School. Since December 2018, he has served as employee representative supervisor of the company.

Ms. Fuli Wang, MBA, Kennesaw State University, Georgia, USA. From March 2007 to August 2018, he served as Vice President of Beijing Wangfu School and President of Beijing Wangfu Foreign Language School. He is familiar with and researches various international curriculum systems including English courses IGCSE, A-level, American AP and IB. A global IB education curriculum system with Chinese culture and educational elements. He was once rated as an advanced educator of the Beijing Citizen School and has won many honors from the school's advanced workers. Since August 2018, he has served as the vice president of Beijing Chaoyang Kewen School. He is mainly responsible for teaching and student management. Since December 2018, he has served as employee representative supervisor of the company.

(III) Basic information of senior management personnel of the company

Mr. Li Yong, a bachelor degree in international economics and trade from the University of International Business and Economics. After graduating, he was engaged in IB economics teaching. In 2007, he joined Beijing New Oriental and was engaged in SAT and GMAT teaching. In 2010, he founded Haizhiyin Co., Ltd. to conduct overseas examination and education training and international school curriculum services. Now he is a well-known high school international department curriculum planning consultant in China, and has extensive experience in the field of study abroad training. Since June 2016, he has served as the general manager of Beijing Kaiwen Ruixin International Education Technology Co., Ltd., and served as employee representative supervisor of the company from June 2017 to December 2018. He has been the deputy general manager of the company since December 2018. Status in the shareholder unit Applicable Not applicable

Name of the employee Name of the shareholder Name of the position held in the shareholder unit Date of commencement of the term End date of the term Remuneration allowance in the shareholder unit

Xu Huadong Badachu Holding Group Co., Ltd. Party Secretary, Director, Executive Deputy General Manager

Status in other units Applicable Not applicable

Name of incumbent person Name of other unit Name of position held in other unit Term of office start date Term of termination date Whether or not to receive remuneration allowance in other units

Zhu Danian Zhuhai Century Dingli Technology Co., Ltd. Director and General Manager Yes

Xie Feng Ledao Interactive Technology Co., Ltd. Director, Chief Financial Officer

Qian Mingxing Peking University Law School Professor Yes

The company's current and reporting period, the resignation of directors, supervisors and senior management personnel in the past three years, the securities regulatory agency penalties Applicable Not applicable

4. Remuneration of directors, supervisors and senior management personnel

The decision-making procedures for the remuneration of directors, supervisors and senior executives, the basis for determination, and the actual payment situation. The company determines the remuneration of directors, supervisors and executives based on actual business conditions, job responsibilities and job performance. The remuneration of directors and supervisors of the company is reported to the board of directors with the annual report. Approved by the shareholders' meeting; the remuneration of senior management is proposed by the Remuneration and Appraisal Committee of the Board of Directors and approved by the Board of Directors with the annual report. During the reporting period, the total compensation for directors, supervisors and senior management personnel was 4,192,700 yuan. Remuneration of directors, supervisors and senior executives during the reporting period

Unit: 10,000 yuan

Name Title Gender Age Status of employment Total amount of pre-tax compensation obtained from the company Whether to receive compensation from the company's related parties

Xu Guangyu Chairman and General Manager Male 54 Current 92.19 No

Xu Huadong Director Male 59 Current 0 Yes

Shi Yu Director, Deputy General Manager, Secretary of the Board of Women Female 38 Current 82.16 No

Dong Qi Director, Deputy General Manager, Chief Financial Officer Male 40 Current 81.55 No

Zhu Danian Independent Director Male 44 Current 15.18 No

Xie Feng Independent Director Male 45 Current 15.12 No

Money Star Independent Director Male 56 Current 15.12 No

Chen Huiwen Chairman of the Supervisory Board Female 62 Current 50.21 No

Ma Deling Supervisor Female 47 Present 3.42 No

Fuli Wang Supervisor Female 56 Current 1.11 No

Li Yong Deputy General Manager Male 36 Current 6.22 No

Dong Shunlai Director Male 57 Leave 0

Chen Nangang Independent Director Female 73 Resigned 12.38 No
 Li Forever Supervisor Male 36 Leave 11.03 No
 Jing Mingqi Supervisor Female 32 Resigned 33.58 No
 Total -- -- -- -- 419.27 --

Equity incentives granted to directors and senior executives of the company during the reporting period Applicable Not applicable

V. Company employees

1. Number of employees, professional composition and education level

Number of employees in the parent company (person) 3

Number of active employees of major subsidiaries (person) 562

Total number of active employees (person) 565

Total number of employees receiving salary in the current period (person) 564

Number of retired employees (persons) whose parent company and major subsidiaries are responsible for expenses 30

Professional composition

Professional composition category Professional composition number (person)

Production staff 96

Salesperson 38

Technician 282

Financial staff 20

Administrative staff 129

Total 565

education level

Education level category Quantity (person)

Doctor 7

Graduate student 174

Undergraduate 245

College 49

College and below 90

Total 565

2. Remuneration policy

According to the company's relevant compensation management system, the company's overall salary level is determined, adhere to the principle of fairness, incentives and legality. At the same time, consider the national macro economy,

The social price level and the competition of talents in the region and the industry, as well as the company's profitability and ability to pay. A salary policy with a combination of monthly fixed salary and performance appraisal has been formulated. Adhering to the principle of appointing the post, setting the salary with the post, and linking with the performance appraisal is conducive to the internal competition of talents. It can promote the growth of talents, promote the development of talents and the formation of incentive mechanisms, and the salary is tilted to key positions and key talents. . In addition, the company participates in “five insurances and one gold” in accordance with relevant state regulations, and pays social insurance premiums and housing accumulation funds on time and in full.

3. Training plan

The company pays attention to the construction of talent team and the cultivation of staff quality. In order to improve the overall quality and work efficiency of employees and strengthen the management level of the company, the company has carried out new employee induction training for new employees in combination with the needs of operation and development. The main training content includes staff quality and professional skills. At the same time, for executives, focusing on concepts and ideas, in addition to the system management theory and skills required by the market economy, so that executives grasp the changes in the business environment, industry trends and decision-making procedures and methods; for middle management Personnel, mainly to manage basic knowledge and skills, business knowledge and skills, work improvement, enable middle managers to better understand and implement the decision-making guidelines of corporate executives, with multi-faceted talents and higher level of management capabilities; Employees carry out repeated intensive training on job responsibilities, professional skills, business processes, etc., so that grassroots employees can freely apply and play on the basis of full mastery of the theory, improve the professional and technical level and business ability of grassroots employees, and master the new Knowledge and new technology; professional courses for relevant teaching staff, so that while teaching, they can freely apply and play, improve the quality of teaching and the enthusiasm of students.

4. Labor outsourcing situation

Applicable Not applicable

Section IX Corporate Governance

First, the basic situation of corporate governance

During the reporting period, the company was in accordance with the "Company Law", "Securities Law", "Guidelines for the Governance of Listed Companies", "Stock Listing Rules of

Shenzhen Stock Exchange", "Guidelines for the Standardized Operation of Listed Companies of SME Boards of Shenzhen Stock Exchange", etc. The requirements of laws and regulatory documents, in light of the actual situation of the company, improve and improve various internal control systems, based on the "Articles of Association", and further standardize the operation of the company by taking the rules of the "three meetings" of the shareholders' meeting, the board of directors and the board of supervisors as the framework. To ensure the scientific and normative decision-making. As of the end of the reporting period, the actual situation of corporate governance complied with the requirements of the laws, regulations and regulatory documents issued by the China Securities Regulatory Commission and the Shenzhen Stock Exchange.

I. Shareholders and shareholders meeting

During the reporting period, the company formed a standardized governance structure to ensure that all shareholders, especially small and medium-sized shareholders, enjoyed equal status to ensure that shareholders enjoyed equal rights and obligations under the shares they enjoyed. During the reporting period, the company implemented 7 shareholder meetings in accordance with the Articles of Association and the Rules of Procedure for the General Meeting of Shareholders, and adopted separate votes for small and medium-sized investors for special matters to ensure that small and medium-sized investors fully exercise their rights.

2. Directors and Board of Directors

During the reporting period, the company revised the Rules of Procedure for the Board of Directors, and the number of members of the fourth board of directors changed from 9 to 7, of which 3 were independent directors. The number of members and the composition of the board of directors meet the requirements of relevant laws and regulations. All directors from the best interests of the company and all shareholders during the year, faithfully, honestly and diligently perform their duties, attend the board of directors in a serious and responsible manner, express clear opinions on the matters discussed, and actively participate in relevant training, mastered as a director should have Relevant knowledge.

The board of directors consists of a strategy committee, an audit committee, a nomination committee, and a remuneration and appraisal committee. The members of each professional committee exercise their functions and powers within the scope of the rules formulated by the board of directors, and provide professional opinions for the board of directors to make decisions

3. Supervisors and Board of Supervisors

During the reporting period, the Board of Supervisors, in accordance with the attitude of being responsible to all shareholders, supervised the company's finances and the legal compliance of

the company's directors and senior management personnel in performing their duties in accordance with the Rules of Procedure of the Supervisory Committee, and safeguarded the legitimate rights and interests of the company and its shareholders. .

Fourth, the independence of listed companies

During the reporting period, the controlling shareholder of the company exercised its rights and fulfilled its obligations in accordance with the provisions of the Company Law and the Articles of Association, and was separated from the company's personnel, assets and finances. The institutions and businesses were independent and independently accounted for. There has not been a situation in which the controlling shareholder uses his special status to influence the independence of the listed company's operation and management in any form, and there is no illegal use of the listed company's funds.

V. Information disclosure

During the reporting period, the company proactively and timely disclosed all information that may have a material impact on the decisions of shareholders and other stakeholders in strict accordance with the laws and regulations of the Shenzhen Stock Exchange Listing Rules and the Articles of Association. And to ensure that all shareholders have equal access to information. The designated board secretary of the listed company is responsible for information disclosure and investor management matters of the listed company, ensuring that the disclosed information is true, accurate, complete, timely and fair. Whether the actual situation of corporate governance and the regulatory documents issued by the China Securities Regulatory Commission on the governance of listed companies are significantly different Yes No The actual situation of corporate governance is not significantly different from the regulatory documents issued by the China Securities Regulatory Commission on the governance of listed companies. .

2. The independence of the company relative to the controlling shareholder in terms of business, personnel, assets, organization, finance, etc.

The company and the controlling shareholder are completely separated in terms of business, personnel, assets, organization, finance, etc., and have independent and complete business and self-management capabilities. The controlling shareholder exercises its rights and assumes corresponding obligations according to law, and does not directly or indirectly interfere with the company beyond the shareholders' meeting. Operating activities. Details are as follows:

(I) Business independence: The company has independent and complete business and self-management capabilities, and there is no reliance on the controlling shareholder for business activities.

(II) Personnel independence: The company has an independent labor, personnel and compensation management system. All employees signed a labor contract with the company and the company established an independent social insurance account.

(III) Asset integrity: The company has a complete education business system and can operate independently. Existing assets do not exist occupied by major shareholders and other related parties.

(IV) Institutional independence: The company has decision-making, operation management and supervision institutions such as shareholders' meeting, board of directors, board of supervisors and general manager, and has established an effective corporate governance structure. The company has a sound internal management organization, and each department exercises its functions and powers according to the internal responsibilities of the company, without interference from major shareholders and other units or individuals. (V) Financial independence: The company has an independent financial department and has established an independent accounting system and financial management system. Make financial decisions independently according to the company's articles of association and relevant regulations, independently open accounts in banks, conduct independent accounting, and pay taxes independently.

Third, the competition in the same industry

Applicable Not applicable

IV. Relevant information of the annual general meeting of shareholders and the extraordinary general meeting of shareholders held during the reporting period

1. The situation of the shareholders' meeting during the reporting period

| Conference Session | Type of Meeting | Investor Participation Proportion | Date of Conscriptio | Disclosure Date | Disclosure Index |
|--------------------|-----------------|-----------------------------------|---------------------|-----------------|------------------|
|--------------------|-----------------|-----------------------------------|---------------------|-----------------|------------------|

| | | | | | |
|---|---|--------|------------------|------------------|--|
| First Extraordinary General Meeting of 2018 | Extraordinary Shareholders Meeting | 46.31% | January 12, 2018 | January 13, 2018 | Juchao Information Network Announcement of Resolutions of the First Extraordinary General Meeting of 2018 (Announcement No.: 2018-002) |
| 2017 Annual General Meeting of Shareholders | Annual General Meeting of Shareholders | 39.98% | May 08, 2018 | May 09, 2018 | Juchao Information Network Announcement of Resolutions of 2017 Annual General Meeting of Shareholders (Announcement No.: 2018-020) |
| The 2nd Extraordinary General Meeting of 2018 | The Extraordinary General Meeting of Shareholders | 46.02% | May 24, 2018 | May 25, 2018 | Juchao Information Network Announcement of Resolutions of the 2nd Extraordinary General Meeting of 2018 (Announcement No.: 2018-025) |

Third Extraordinary General Meeting of 2018 Extraordinary Shareholders' Meeting 44.04% June 27, 2018 June 28, 2018 Juchao Information Network Announcement of Resolutions of the Third Extraordinary General Meeting of 2018 (Announcement No.: 2018-048)

The 4th Extraordinary General Meeting of Shareholders in 2018 Temporary Shareholders' Meeting 13.40% July 09, 2018 July 10, 2018 Juchao Information Network Announcement of Resolutions of the 4th Extraordinary General Meeting of 2018 (Announcement No.: 2018-051)

The 5th Extraordinary General Meeting of Shareholders in 2018 The Extraordinary Shareholders' Meeting 44.03% July 19, 2018 2018, 2018 Juchao Information Network Announcement of Resolutions of the 5th Extraordinary General Meeting of 2018 (Announcement No.: 2018-056)

The 6th Extraordinary General Meeting of 2018 Extraordinary Shareholders' Meeting 44.01% August 2, 2018 August 3, 2018 Juchao Information Network Announcement of Resolutions of the 6th Extraordinary General Meeting of 2018 (Announcement No.: 2018-058)

The 7th Extraordinary General Meeting of 2018 The EGM 38.03% November 12, 2018 November 13, 2018 Jucha Information Network Announcement of Resolutions of the 7th Extraordinary General Meeting of 2018 (Announcement No.: 2018-087)

2. The preferred stockholders whose voting rights are restored request the convening of an extraordinary general meeting

Applicable Not applicable

V. Implementation of duties of independent directors during the reporting period

1. The attendance of independent directors at the board of directors and shareholders meeting

The situation of independent directors attending the board of directors and shareholders meeting

Names of Independent Directors Number of Boards to be Participated in the Reporting Period

Number of Boards Attend the Board of Directors Number of Boards Participated in the Board of

Directors Number of Boards Entrusted to Participate in Board of Directors Number of Boards

Entrusted to Board of Directors Number of Boards Absented Did not participate in board

meetings twice in person

陈南岗 3 0 3 0 0 No 0

Zhu Danian 12 9 3 0 0 No 3

Xie Feng 12 9 3 0 0 No 4

Money star 12 12 0 0 0 no 3

Instructions for not attending the board of directors in person for two consecutive times

2. The situation in which an independent director objected to the relevant matters of the company

Whether the independent directors objected to the relevant matters of the company Yes No

During the reporting period, the independent directors did not raise any objection to the relevant

matters of the company.

3. Other explanations for the performance of duties of independent directors

Whether the independent director has adopted the relevant proposal of the company Yes No
 explanation of whether the independent director has adopted or not adopted the relevant proposal of the company

The independent directors of the company diligently performed their duties, strictly performed their duties according to law, personally attended the previous board meetings held by the company, and regularly understood and listened to the report on the company's operation, provided professional opinions on the company's major decisions, and improved the scientific nature of the company's decision-making. Independent directors have effectively supervised the company's financial and business activities, and played a due role in improving the company's supervision mechanism and safeguarding the legitimate rights and interests of the company and all shareholders.

6. The special committee under the board of directors shall perform its duties during the reporting period.

The Board of Directors consists of four professional committees: the Strategy Committee, the Audit Committee, the Remuneration and Appraisal Committee, and the Nomination Committee. During the reporting period, members of the professional committees earnestly performed their duties in accordance with the Company's Articles of Association, the Rules of Procedure of the Board of Directors and the rules and regulations entrusted by the implementation rules, and made valuable suggestions on the strategic development of the company.

Review and supervise the company's annual audit, and assess the performance of the company's directors and senior management.

VII. Work of the Board of Supervisors

During the supervision activities of the Board of Supervisors, the Board of Supervisors found whether the company had risks Yes No The Board of Supervisors had no objection to the supervision matters during the reporting period.

8. Evaluation and incentives for senior management personnel

The company's performance appraisal for middle and high-level managers in 2018 adheres to the principles of fairness, impartiality and objectivity, and always controls and informs the

information in the implementation process to ensure the achievement of performance appraisal goals and overall performance goals of the team. Through performance appraisal, middle and high-level managers can clarify work tasks and work goals, avoid disorder and blindness in work, and enhance the direction of management behavior.

IX. Internal Control Evaluation Report

1. The specific circumstances of major internal control defects discovered during the reporting period

Yes No

2. Internal control self-evaluation report

Internal Control Evaluation Report Full Text Disclosure Date April 18, 2019

Internal Control Evaluation Report Full-Text Disclosure Index Juchao Information Network "2018 Annual Internal Control Self-Evaluation Report"

The total assets of the unit included in the evaluation scope accounted for 100.00% of the total assets of the company's consolidated financial statements.

The proportion of operating income of the units included in the evaluation scope to the operating income of the company's consolidated financial statements is 100.00%.

Defect identification standard

Category Financial Report Non-Financial Report

Qualitative standards The following situations (including but not limited to) are identified as major financial reporting defects: (1) fraudulent acts of directors, supervisors and senior management of the company; (2) correction of published financial reports by the company; (3) certified public accountants The material misstatement found in the financial report of the year that was not identified by the company's internal control; (4) The audit committee and the audit department were ineffective in the internal control oversight of the company's external financial report and financial report. In the following cases (including but not limited to), identified as "important defects" and strong signs of "significant defects": (1) failure to select and apply accounting policies in accordance with corporate accounting standards; (2) failure to establish anti-company determinations The non-financial reporting internal control defect evaluation qualitative criteria are as follows: in the following cases, it can be identified as a major defect, and other situations are determined as important defects or general defects according to the degree of influence: (1) lack of democratic decision-making procedures, decision-making procedures are not scientific Major mistakes have caused major property losses to the company; (2) serious violations of national laws and regulations; (3) lack of important business management systems or systematic failure of system operation; (4) major or important internal control defects of the company cannot be timely Rectification; (5) The company has persistent or large-scale internal control defects.

Fraud procedures and control measures; (3) There is no corresponding control mechanism for the accounting treatment of unconventional or special transactions or no implementation and no corresponding compensatory control; (4) There is one or more control over the final financial reporting process. A number of deficiencies and reasonable assurance that the prepared financial statements achieve a true and accurate goal. General defects refer to control defects other than the above-mentioned major defects and important defects.

Quantitative Standards The quantitative criteria for the evaluation of internal control deficiencies in financial reporting determined by the company are as follows: If an internal control defect has a reasonable probability of being alone or in combination with other deficiencies, it cannot prevent or detect and correct the misstatement in the financial report in a timely manner. The defect should be identified as a major defect at 10% of the total profit for the year. If an internal control defect alone or in combination with other defects has a reasonable probability that it cannot prevent or detect and correct the misstatement in the financial report in a timely manner, the amount reaches or exceeds 5% of the total profit of the current year but does not exceed 10% of the total profit of the current year. This defect should be identified as an important defect. The quantitative criteria for non-financial reporting internal control defect assessment determined by the company are as follows: direct or potential negative impact or causing direct property losses to reach or exceed RMB 5 million, the defect is a major defect. This defect is an important defect if the direct or potential negative impact or direct property damage reaches or exceeds RMB 1 million and does not exceed RMB 5 million. Direct or potential negative impact or cause direct property damage not exceeding RMB 1 million, the defect is a general defect.

Financial report major defects (number) 0

Non-financial report major defects (number) 0

Financial report important defects (number) 0

Non-financial report number of important defects (a) 0

X. Internal control audit report or forensic report

Not applicable

Section X Corporate Bond Related Information

Does the company have corporate bonds that are publicly issued and listed on the stock exchange, and that have not expired or expired in full on the date of approval of the annual report?

Section XI Financial Report

I. Audit report

Audit opinion type Standard unqualified opinion

Signature of the audit report April 17, 2019

Audit institution name Huapu Tianjian Accounting Firm (Special General Partnership)

Audit report number No. [2019] 0023

Name of Certified Public Accountant Zheng Lei, Huang Jian, Long Bing

The audit report is the official shareholder of Beijing Kaiwen Dexin Education Technology Co., Ltd.:

I. Audit opinion

We audited the financial statements of Beijing Kaiwen Dexin Education Technology Co., Ltd. (hereinafter referred to as Kevin Education), including the merger and parent company balance sheet as of December 31, 2018, the merger and parent company income statement for 2018, and the merger. And the parent company's cash flow statement, the merger and changes in the parent company's owner's equity and notes to the relevant financial statements.

We believe that the attached financial statements are prepared in all material respects in accordance with the Accounting Standards for Business Enterprises, which fairly reflects the merger and parent company financial status of Kevin Education as of December 31, 2018, and the merger and parent company operating results for 2018 and cash flow.

Second, the basis for the formation of audit opinions

We performed the audit in accordance with the provisions of the Chinese CPA Auditing Standards. The "Responsibility of Certified Public Accountants for Auditing Financial Statements" section of the audit report further explains our responsibilities under these guidelines. In accordance with the Code of Ethics for Chinese Certified Public Accountants, we are independent of Kevin Education and fulfill other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Third, key audit matters

The key audit matters are matters that we consider to be the most important for the audit of the current financial statements based on professional judgment. The response to these matters is based on the overall audit of the financial statements and the formation of audit opinions. We do not express a separate opinion on these matters.

(1) Impairment of goodwill

Event description

See note V to the financial statements. 22(5) and Note VII. twenty two.

Due to the importance of the goodwill balance to the consolidated financial statements, significant management decisions and estimates are included in determining whether impairment should be made, especially for forecasting future cash flows, including forecasted revenue, long-term average growth rate and profit margin. And the key assumptions made to determine the appropriate discount rate, which are inherently uncertain and may be affected by management bias. Therefore, we identify the impairment of goodwill in the consolidated financial statements as a key audit matter.

2. The audit should include our audit procedures for the impairment of goodwill:

- (1) Understand the divided asset groups and the judgment of the value of the asset group;
- (2) Understand the historical performance and development planning of each asset group, as well as the development trend of the macro economy and the industry;
- (3) Review the management's determination of the asset group and the calculation process of goodwill;
- (4) Review the reasonableness of the discount rate adopted by the management's impairment test, including the estimated enrollment of the asset group, the future tuition price, the growth rate, the estimated gross profit margin and related expenses, and the historical data of the relevant asset group. And comparative analysis of industry levels;
- (5) Evaluate the competency, professionalism and objectivity of the experts employed by the management, review the evaluation work of the evaluation firm hired by the management, including valuation methods, models and key parameters, and assess the impairment of goodwill. Related matters and written communication with the experts and reached an agreement.

Based on the evidence obtained, we believe that management's judgment on the impairment of goodwill is appropriate.

(2) Deferred income tax assets

Event description

See note V to the financial statements. 30 and note VII. twenty four.

On December 31, 2018, Kevin Education listed the deferred income tax assets of RMB 62,738,800 in the consolidated balance sheet. The recognition of these deferred income tax assets

is mainly related to the deductible losses of subsidiaries. As the deferred income tax assets will be realized in the future, significant judgments are required from management and management's estimates and assumptions are subject to certain uncertainties. Therefore, we identify the recognition of deferred income tax assets as a key audit matter. 2. Audit response

Our audit procedures for deferred income tax assets mainly include:

- (1) Acquire and inspect financial forecasts made by management for future periods, assess whether their preparations are in line with the industry and their own circumstances, and consider the impact of related special items on the reliability of future financial forecasts;
- (2) Review whether the recognition of deferred income tax assets is limited to the amount of taxable income that is likely to be used to offset the deductible losses in future periods;
- (3) Execute audit procedures such as inspection and recalculation, and review the accuracy of the accounting treatment related to deferred income tax assets that can be recognized for deductible losses.

Based on the above work results, we believe that the relevant evidence can support management's judgment and estimation of deferred income tax assets. Fourth, other information

Kevin Education Management (hereinafter referred to as management) is responsible for other information. Additional information includes information covered in Kevin Education's 2018 Annual Report, but does not include financial statements and our audit reports.

Our audit opinion on the financial statements does not cover other information, and we do not publish any form of assurance conclusions on other information. In conjunction with our audit of financial statements, our responsibility is to read other information and, in the process, consider whether other information is materially inconsistent with the financial statements or what we have learned during the audit process or if there appears to be a material misstatement.

Based on the work we have performed, if we determine that there is a material misstatement of other information, we should report that fact. In this regard, we have nothing to report.

V. Management and governance responsibilities for financial statements

Kevin Education Management (hereinafter referred to as the management) is responsible for preparing the financial statements in accordance with the Accounting Standards for Business Enterprises, so that they can achieve fair reflection, and design, implement and maintain the necessary internal controls so that the financial statements do not exist due to fraud or error.

Significant misstatement.

In preparing the financial statements, the management is responsible for assessing the continuing operations of Kevin Education, disclosing matters related to continuing operations, and applying the assumption of going concern unless the management plans to liquidate Kevin Education, terminate operations or have no other realistic options. .

The governance layer is responsible for overseeing the financial reporting process of Kevin Education.

6. Responsibility of certified public accountants for auditing financial statements

Our goal is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement due to fraud or error, and to issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but there is no guarantee that audits performed in accordance with auditing standards will always be discovered in the presence of a material misstatement. Misstatements may be caused by fraud or error. If it is reasonably expected that the misstatement alone or aggregated may affect the financial decision made by the financial statement user based on the financial statements, the misstatement is generally considered to be significant.

In the course of performing audits in accordance with auditing standards, we use professional judgment and maintain professional suspicion. At the same time, we also do the following work:

- (1) Identify and assess the risk of material misstatement of financial statements due to fraud or error, design and implement audit procedures to address these risks, and obtain sufficient and appropriate audit evidence as a basis for issuing audit opinions. Since fraud may involve collusion, forgery, intentional omission, misrepresentation or overriding internal control, the risk of material misstatement due to fraud is not found to be higher than the risk of not discovering a material misstatement due to an error.
- (2) Understand the internal controls related to auditing to design appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of internal controls.
- (3) Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures.
- (4) draw conclusions about the appropriateness of management's use of the going concern assumption. At the same time, based on the audit evidence obtained, it is possible to draw conclusions as to whether there are significant uncertainties in the matters or circumstances that

have significant doubts about the continuing operations of Kevin Education. If we conclude that there is significant uncertainty, the auditing standards require us to bring the relevant disclosures in the financial statements to the users of the statements in the audit report; if the disclosure is not sufficient, we should publish non-unqualified opinions. Our conclusions are based on information available as of the date of the audit report. However, future events or circumstances may result in Kevin Education not being able to continue to operate.

(5) Evaluate the overall presentation, structure and content (including disclosure) of the financial statements and evaluate whether the financial statements fairly reflect the relevant transactions and events.

(6) Obtain sufficient and appropriate audit evidence on the financial information of entities or business activities in Kevin Education to express an audit opinion on the financial statements. We are responsible for

Conduct, supervise and execute group audits and assume full responsibility for audit opinions.

We communicate with the governance layer about planned audit scope, timing, and major audit findings, including communicating the internal control deficiencies identified in our audit.

We also provide a statement to the governance community on compliance with the ethical requirements associated with independence and communicate with governance at all relationships and other matters that may reasonably be considered to affect our independence, and related precautions.

From the matters passed through the governance layer, we determine which matters are most important for the audit of the current financial statements and thus constitute a key audit matter. We describe these matters in our audit reports, unless the law prohibits public disclosure of these matters, or in rare cases, if it is reasonably expected that the negative consequences of communicating something in the audit report outweigh the benefits in the public interest, we determine This matter should not be communicated in the audit report.

Second, the financial statements

The unit of the statement in the financial notes is: RMB

1. Consolidated balance sheet

Prepared by: Beijing Kaiwen Dexin Education Technology Co., Ltd.

December 31, 2018

unit: yuan

Project ending balance

Current assets:

Monetary funds 496,711,099.79 165,066,272.56

Settlement provisions

Withdrawal of funds

Financial assets measured at fair value through profit or loss

Derivative financial assets

Notes receivable and accounts receivable 4,677,576.55 129,115.44

Of which: notes receivable

Accounts receivable 4,677,576.55 129,115.44

Prepayment 7,383,476.51 50,347.16

Premium receivable

Receivables

Receivable contract reserve

Other receivables 1,867,144.56 1,570,747.60

Of which: interest receivable 28,588.00 39,474.88

Dividend receivable

Buying back resale financial assets

Inventories 67,079.34 59,074.12

Holding assets for sale

Non-current assets due within one year

Other current assets 177,324,094.90 143,758,366.95

Total current assets 688,030,471.65 310,633,923.83

Non-current assets:

Loan and advances

Available for sale financial assets

Held to maturity investments

Long-term receivables

Long-term equity investment 200,861.58

Investment property 318,240,696.68

Fixed assets 1,240,991,161.37 1,387,302,286.83

Construction in progress

Productive biological assets

Oil and gas assets

Intangible assets 925,503,803.84 956,246,003.32

Development expenditure

Goodwill 214,678,524.17 214,678,524.17

Long-term deferred expenses 341,171,151.60 241,433,794.20

Deferred income tax assets 62,738,017.47 34,318,813.99

Other non-current assets 17,414,720.90 219,354.18

Total non-current assets 3,120,738,076.03 2,834,399,638.27

Total assets 3,808,768,547.68 3,145,033,562.10

Current liabilities:
 Short-term loans 199,000,000.00 280,000,000.00
 Borrowing from the central bank
 Deposits and deposits
 Unpacking funds
 Financial liabilities measured at fair value through profit or loss
 Derivative financial liabilities
 Notes payable and accounts payable 260,858,196.74 483,838,876.48
 Advance receipts 171,299,708.12 95,340,297.29
 Selling repurchased financial assets
 Fees and commissions
 Payroll payable 13,682,537.31 12,898,519.42
 Taxes payable 9,000,722.69 31,020,435.84
 Other payables 39,861,283.14 30,145,432.95
 Of which: interest payable 1,813,995.88 417,956.46
 Dividend payable 425,485.61 425,485.61
 Coping with reinsurance
 Insurance contract reserve
 Agent trading securities
 Agency underwriting securities
 Holding liabilities for sale
 Non-current liabilities due within one year 10,000,000.00
 Other current liabilities 735,770.47
 Total current liabilities 703,702,448.00 933,979,332.45
 Non-current liabilities:
 Long-term loan 990,000,000.00
 Bonds payable
 Of which: preferred stock
 Perpetual bond
 Long-term payables
 Long-term payroll pay
 Estimated liabilities
 Deferred income
 Deferred income tax liabilities
 Other non-current liabilities
 Total non-current liabilities 990,000,000.00
 Total liabilities 1,693,702,448.00 933,979,332.45
 Owners' equity:
 Share capital 498,566,987.00 498,566,987.00
 Other equity instruments
 Of which: preferred stock
 Perpetual bond
 Capital reserve 1,669,248,455.31 1,668,631,594.92
 Less: treasury shares
 Other comprehensive income -289,366.75 -414,690.95
 Special reserves

| | | |
|---|------------------|------------------|
| Surplus reserve | 27,579,031.87 | 27,579,031.87 |
| general risk preparation | | |
| Undistributed profit | -88,690,602.16 | 9,263,578.49 |
| Total owner's equity attributable to the parent company | 2,106,414,505.27 | 2,203,626,501.33 |
| Minority shareholders' equity | 8,651,594.41 | 7,427,728.32 |
| Total owner's equity | 2,115,066,099.68 | 2,211,054,229.65 |
| Total liabilities and owner's equity | 3,808,768,547.68 | 3,145,033,562.10 |

Legal representative: Xu Guangyu Person in charge of accounting work: Dong Qi Person in charge of accounting department: Dong Qi

2. Parent company balance sheet

unit: yuan

| | | |
|--|------------------|------------------|
| Project ending balance | | |
| Current assets: | | |
| Monetary funds | 385,420,713.17 | 111,827,438.31 |
| Financial assets measured at fair value through profit or loss | | |
| Derivative financial assets | | |
| Notes receivable and accounts receivable | | |
| Of which: notes receivable | | |
| accounts receivable | | |
| Prepayments | 943,396.23 | |
| Other receivables | 1,883,239,779.97 | 2,566,097,696.88 |
| Of which: interest receivable | | |
| Dividend receivable | | |
| Inventory | | |
| Holding assets for sale | | |
| Non-current assets due within one year | | |
| Other current assets | 14,080,796.83 | 22,785,178.34 |
| Total current assets | 2,283,684,686.20 | 2,700,710,313.53 |
| Non-current assets: | | |
| Available for sale financial assets | | |
| Held to maturity investments | | |
| Long-term receivables | | |
| Long-term equity investment | 227,241,818.69 | 9,000,000.00 |
| Investment real estate | | |
| Fixed assets | 17,670.69 | |
| Construction in progress | | |
| Productive biological assets | | |
| Oil and gas assets | | |
| Intangible assets | 191,323.27 | |
| Development expenditure | | |
| Goodwill | | |
| Long-term prepaid expenses | | |
| Deferred income tax assets | 7,186,585.15 | 5,814,120.49 |

| | | |
|---|------------------|------------------|
| Other non-current assets | | |
| Total non-current assets | 234,637,397.80 | 14,814,120.49 |
| Total assets | 2,518,322,084.00 | 2,715,524,434.02 |
| Current liabilities: | | |
| Short-term loans | 199,000,000.00 | 279,500,000.00 |
| Financial liabilities measured at fair value through profit or loss | | |
| Derivative financial liabilities | | |
| Notes payable and accounts payable | 577.932 | 74,831,255.00 |
| Advance payment | | |
| Payroll payable | | |
| Taxes payable | 460,419.39 | 27,783,572.58 |
| Other payables | 1,616,831.34 | 1,054,454.74 |
| Of which: interest payable | 417,291.88 | |
| Dividend payable | 425,485.61 | |
| Holding liabilities for sale | | |
| Non-current liabilities due within one year | | |
| Other current liabilities | | |
| Total current liabilities | 201,135,130.05 | 383,169,282.32 |
| Non-current liabilities: | | |
| Long term loan | | |
| Bonds payable | | |
| Of which: preferred stock | | |
| Perpetual bond | | |
| Long-term payables | | |
| Long-term payroll pay | | |
| Estimated liabilities | | |
| Deferred income | | |
| Deferred income tax liabilities | | |
| Other non-current liabilities | | |
| Total non-current liabilities | | |
| Total liabilities | 201,135,130.05 | 383,169,282.32 |
| Owners' equity: | | |
| Share capital | 498,566,987.00 | 498,566,987.00 |
| Other equity instruments | | |
| Of which: preferred stock | | |
| Perpetual bond | | |
| Capital reserve | 1,722,179,000.80 | 1,722,179,000.80 |
| Less: treasury shares | | |
| Other comprehensive income | | |
| Special reserves | | |
| Surplus reserve | 27,579,031.87 | 27,579,031.87 |
| Undistributed profit | 68,861,934.28 | 84,030,132.03 |
| Total owner's equity | 2,317,186,953.95 | 2,332,355,151.70 |
| Total liabilities and owner's equity | 2,518,322,084.00 | 2,715,524,434.02 |

3. Consolidated income statement

unit: yuan

The amount of the current period

I. Total operating income 241,794,253.76 620,212,284.80

Of which: operating income 241,794,253.76 620,212,284.80

Interest income

Earned premium

Fee and commission income

2. Total operating costs 361,391,343.13 710,176,320.57

Of which: operating costs 258,125,976.79 593,037,756.81

Interest expense

Fee and commission expenses

Withdrawal

Net loss of expenditure

Withdrawal of insurance contract reserve net
dividend payment policy

Reinsurance costs

Taxes and surcharges 4,139,914.76 4,040,353.42

Sales expenses 9,775,106.03 10,001,529.60

Administrative expenses 55,683,178.11 69,866,911.95

Research and development expenses

Financial expenses 33,277,310.75 34,860,420.44

Of which: interest expense 43,594,508.03 39,314,851.47

Interest income 10,575,714.96 14,168,941.86

Asset impairment losses 389,856.69 -1,630,651.65

Plus: Other income 1,603,964.50 127,281.30

Investment income (loss is marked with "-") 823,104.97 147,823,042.48

Of which: investment income from joint ventures and joint ventures 861.58

Gains from changes in fair value (losses are marked with "-")

Exchange gains (losses are marked with "-")

Asset disposal income (loss with "-" sign -283,629.51

Fill in)

Third, operating profit (loss is marked with "-") -117,170,019.90 57,702,658.50

Plus: Non-operating income 500.20 431,386.16

Less: Non-operating expenses 203,626.37 6,613,568.52

4. Total profit (the total loss is marked with "-") -117,373,146.07 51,520,476.14

Less: Income tax expense -22,829,970.88 31,933,942.59

V. Net profit (net loss is marked with "-") -94,543,175.19 19,586,533.55

(1) Net profit from continuing operations (net loss is marked with "-") -94,543,175.19
19,586,533.55

(2) Termination of operating net profit (net loss is marked by "-")

Net profit attributable to owners of the parent company -97,954,180.65 23,259,140.11

Minority shareholders' gains and losses 3,411,005.46 -3,672,606.56

6. Net after-tax net of other comprehensive income 125,324.20 -1,203,158.56

Net after-tax net of other comprehensive income attributable to owners of the parent company

125,324.20 -1,203,158.56

(1) Other comprehensive income that cannot be reclassified into profit or loss

1. Re-measure the change in the defined benefit plan

2. Other comprehensive income that cannot be transferred to profit or loss under the equity method

(2) Other comprehensive income that will be reclassified into profit and loss 125,324.20 - 1,203,158.56

1. Other comprehensive income of convertible profits and losses under the equity method

2. Gains and losses from changes in fair value of available-for-sale financial assets

3. Held-to-maturity investments are reclassified as gains and losses on available-for-sale financial assets

4. The effective part of the cash flow hedge profit and loss

5. Foreign currency financial statement translation difference 125,324.20 -1,203,158.56

6. Other

Net after-tax net of other comprehensive income attributable to minority shareholders

VII. Total comprehensive income -94,417,850.99 18,383,374.99

Total comprehensive income attributable to owners of the parent company -97,828,856.45 22,055,981.55

Total comprehensive income attributable to minority shareholders 3,411,005.46 -3,672,606.56

Eight, earnings per share:

(1) Basic earnings per share -0.20 0.05

(II) Diluted earnings per share -0.20 0.05

In the current period of business combination under the same control, the net profit realized by the merged party before the merger is: 0.00 yuan, and the net profit realized by the merged party in the previous period is: 0.00 yuan. Legal representative: Xu Guangyu Person in charge of accounting work: Dong Qi Person in charge of accounting department: Dong Qi

4. Parent company income statement

unit: yuan

The amount of the current period

I. Operating income 0.00 277,487,196.16

Less: operating costs 0.00 262,471,249.15

Taxes and surcharges 64,677.60 1,612,225.91

Sales expenses 929,953.53

Administrative expenses 5,035,588.04 15,012,228.59

Research and development expenses

Financial expenses 11,603,098.50 13,945,954.05

Of which: interest expense 12,904,474.39 11,591,514.64

Interest income 1,369,312.75 6,756,906.38

Asset impairment loss -8,478.85 -7,615,973.54

Plus: Other income 2,065.22 2,016.63

Investment income (loss is marked with "-") 529,941.43 183,866,437.08

Of which: investment income from joint ventures and joint ventures

Gains from changes in fair value (losses are marked with "-")

Income from asset disposal (loss is marked with "-") -110,772.86
 2. Operating profit (loss is marked by "-") -16,162,878.64 174,889,239.32
 Plus: Non-operating income 500.00 198,080.98
 Less: Non-operating expenses 500.00 64,094.08
 3. Total profit (the total loss is marked with "-") -16,162,878.64 175,023,226.22
 Less: Income tax expense -994,680.89 50,135,430.62
 4. Net profit (net loss is marked with "-") -15,168,197.75 124,887,795.60
 (1) Net profit from continuing operations (net loss is marked by "-") -15,168,197.75
 124,887,795.60
 (2) Termination of operating net profit (net loss is marked by "-")

V. Net after tax of other comprehensive income

(1) Other comprehensive income that cannot be reclassified into profit or loss
 1. Re-measure the change in the defined benefit plan
 2. Other comprehensive income that cannot be transferred to profit or loss under the equity method
 (2) Other comprehensive income that will be reclassified into profit or loss
 1. Other comprehensive income of convertible profits and losses under the equity method
 2. Gains and losses from changes in fair value of available-for-sale financial assets
 3. Held-to-maturity investments are reclassified as gains and losses on available-for-sale financial assets
 4. The effective part of the cash flow hedge profit and loss
 5. Foreign currency financial statement translation difference
 6. Other
 6. Total comprehensive income -15,168,197.75 124,887,795.60
 7. Earnings per share:
 (1) Basic earnings per share
 (2) Diluted earnings per share

5. Consolidated cash flow statement

unit: yuan

The amount of the current period

I. Cash flow from operating activities:

Cash received for the sale of goods and services 338,163,765.33 755,406,774.01
 Net increase in customer deposits and interbank deposits
 Net increase in borrowing from central bank
 Net increase in funds disbursed to 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
 Disposal of the net increase in financial assets measured at fair value through profit or loss
 Cash for interest, commission and commission
 Net increase in funds disbursed
 Net increase in repurchase business funds
 Return of taxes and fees received 930,196.62

Received other cash related to operating activities 19,052,709.69 558,667.46
 Subtotal of cash inflow from operating activities 358,146,671.64 755,965,441.47
 Cash paid for the purchase of goods and services, 150,396,577.51 795,654,864.47
 Net increase in customer loans and advances
 Deposit of net increase in central bank and interbank payments
 Pay the cash of the original insurance contract payment
 Pay interest, commission and commission cash
 Cash paid for policy dividends
 Cash paid to employees and paid to employees 134,701,406.91 96,619,405.43
 Various taxes paid 34,558,508.95 8,769,693.98
 Pay other cash related to operating activities 37,961,330.19 34,953,975.02
 Subtotal of cash outflows from operating activities 357,617,823.56 935,997,938.90
 Net cash flow from operating activities 528,848.08 -180,032,497.43
 2. Cash flow from investment activities:
 Cash received from the investment recovery 12,561,300.00 666,019,909.56
 Cash received from investment income 834,853.43 3,225,155.68
 Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets
 4,289.16 12,841.23
 Disposal of subsidiaries and other business units received 169,577.07 600,683,621.66
 Net cash
 Received other cash related to investment activities 10,575,714.96 15,343,990.23
 Subtotal of cash inflows from investing activities 24,145,734.62 1,285,285,518.36
 Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term
 assets 565,473,314.79 870,968,245.80
 Cash paid for investment 8,000,000.00 244,723,235.92
 Net increase in pledge loans
 Net cash paid by subsidiaries and other business units 2,060,000.00 147,717,110.76
 Pay other cash related to investment activities 247,314,240.00
 Subtotal of cash outflows from investing activities 575,533,314.79 1,510,722,832.48
 Net cash flow from investing activities -551,387,580.17 -225,437,314.12
 Third, the cash flow generated by financing activities:
 Absorb cash received from investment
 Among them: the subsidiary absorbs the cash received by the minority shareholder investment
 Cash received from the loan 1,009,500,000.00 309,000,000.00
 Cash received from the issuance of bonds
 Received other cash related to fundraising activities 43,774,853.08 1,005,699,371.92
 Subtotal of cash inflows from financing activities 1,053,274,853.08 1,314,699,371.92
 Cash paid for debt repayment 90,500,000.00 913,988,504.46
 Cash paid for dividends, profits or interest payments 43,768,747.59 32,414,229.30
 Among them: dividends and profits paid by subsidiaries to minority shareholders
 Pay other cash related to fundraising activities
 Subtotal of cash outflows from financing activities 134,268,747.59 946,402,733.76
 Net cash flow from financing activities 919,006,105.49 368,296,638.16
 Fourth, the impact of exchange rate changes on cash and cash equivalents -82,433.60 -
 715,928.36
 V. Net increase in cash and cash equivalents 368,064,939.80 -37,889,101.75

Plus: balance of cash and cash equivalents at the beginning of the period 77,274,652.40
115,163,754.15

6. Balance of cash and cash equivalents at the end of the period 445,339,592.20 77,274,652.40

6. Parent company cash flow statement

unit: yuan

The amount of the current period

I. Cash flow from operating activities:

Cash received from sales of goods and services 390,880,890.18

Tax Refund

Received other cash related to operating activities. #460.05 200,097.61

Subtotal of cash inflow from operating activities#460.05 391,080,987.79

Cash paid for the purchase of goods and services, 67,833,765.67 592,276,679.03

Cash paid to employees and paid to employees 9,685,424.25

Various taxes paid 27,090,499.57 2,727,877.26

Pay other cash related to operating activities 5,014,203.40 537,639,900.35

Subtotal of cash outflows from operating activities 99,938,468.64 1,142,329,880.89

Net cash flow from operating activities -99,273,008.59 -751,248,893.10

2. Cash flow from investment activities:

Cash received from the investment recovery 114,000,000.00

Cash received from investment income 529,941.43 2,196,024.82

Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets

Net cash received from disposal of subsidiaries and other business units 169,577.07

639,242,900.00

Received other cash related to investment activities 1,369,312.75 7,689,832.41

Subtotal of cash inflows from investing activities 2,068,831.25 763,128,757.23

Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets 152,722.40 11,627,079.12

Cash Investment

Net cash paid by subsidiaries and other business units

Other cash paid relating to investing activities

Subtotal of cash outflows from investing activities 152,722.40 11,627,079.12

Net cash flow from investing activities 1,916,108.85 751,501,678.11

Third, the cash flow generated by financing activities:

Absorb cash received from investment

Cash received from the loan 9,500,000.00 308,500,000.00

Cash received from the issuance of bonds

Received other cash related to fundraising activities 500,875,112.57 56,826,325.01

Subtotal of cash inflows from financing activities 510,375,112.57 365,326,325.01

Cash paid for debt repayment 90,000,000.00 323,988,504.46

Cash paid for dividends, profits or interest payments 13,004,992.62 20,306,812.06

Pay other cash related to fundraising activities

Subtotal of cash outflows from financing activities 103,004,992.62 344,295,316.52

Net cash flow from financing activities 407,370,119.95 21,031,008.49

Fourth, the impact of exchange rate changes on cash and cash equivalents 167.22 -247,873.10

V. Net increase in cash and cash equivalents 310,013,387.43 21,035,920.40

Plus: balance of cash and cash equivalents at the beginning of the period 24,035,818.15
 2,999,897.75
 6. Balance of cash and cash equivalents at the end of the period 334,049,205.58 24,035,818.15

7. Consolidated owner's equity change statement

Current Amount

unit: yuan

Project

Attributable to the parent company owner's equity minority shareholders' equity total owner's equity

Equity Other equity instruments Capital reserve Less: treasury stocks Other comprehensive income Special reserve Surplus reserve General risk reserve Undistributed profit

Preferred stock, perpetual debt, other

I. Balance at the end of the previous year 498,566,987.00 1,668,631,594.92 -414,690.95
 27,579,031.87 9,263,578.49 7,427,728.32 2,211,054,229.65

Plus: Changes in accounting policies

Correction of previous errors

Business combination under the same control

Other

2. Balance at the beginning of the year 498,566,987.00 1,668,631,594.92 -414,690.95
 27,579,031.87 9,263,578.49 7,427,728.32 2,211,054,229.65

Third, the amount of changes in the current period (reduced by "-") 616,860.39 125,324.20 -
 97,954,180.65 1,223,866.09 -95,988,129.97

(1) Total comprehensive income 125,324.20 -97,954,180.65 3,411,005.46 -94,417,850.99

(2) Owner input and reduction of capital 616,860.39 463,126.43 1,079,986.82

1. Common stock invested by the owner

2. Other equity instrument holders invest capital

3. The amount of share-based payment included in the owner's equity

4. Other 616,860.39 463,126.43 1,079,986.82

(3) Profit distribution -2,650,265.80 -2,650,265.80

1. Extract surplus reserve

2. Extract general risk preparation

3. Distribution to the owner (or shareholder) -2,650,265.80 -2,650,265.80

4. Other

(4) Internal transfer of owner's equity

1. Capital reserve transferred to capital (or share capital)

2. Surplus reserve transferred to capital (or share capital)

3. Surplus reserve to make up for losses

4. Set the benefit plan change amount to carry forward retained earnings

5. Other

(5) Special reserve

1. Current extraction

2. Current use

(6) Others

4. Balance at the end of the period 498,561,669.2 -289,362,579, -88,690,865.5 2,115,069,987.00 48,455.31 6.75 031.87 602.16 94.41 66,099.68

Last amount

unit: yuan

Project last period

Attributable to the parent company owner's equity minority shareholders' equity total owner's equity

Equity Other equity instruments Capital reserve Less: treasury stocks Other comprehensive income Special reserve Surplus reserve General risk reserve Undistributed profit

Preferred stock, perpetual debt, other

I. Balance at the end of the previous year 498,566,987.00 1,723,524,062.49 788,467.61 23,559,343.18 -11,685,008.79 256,124,132.56 2,490,877,984.05

Plus: Changes in accounting policies

Correction of previous errors

Business combination under the same control 780,300.00 -228,082.36 530,562.04 1,082,779.68

Other

2. Balance at the beginning of the year 498,566,987.00 1,724,304,362.49 788,467.61 23,559,343.18 -11,913,091.15 256,654,694.60 2,491,960,763.73

Third, the amount of change in the current period (reduced by "-") -55,672,767.57 -1,203,158.56 4,019,688.69 21,176,669.64 -249,226,966.28 -280,906,534.08

(1) Total comprehensive income -1,203,158.56 23,259,140.11 -3,672,606.56 18,383,374.99

(2) Owner input and reduction of capital -55,200,167.57 1,937,218.22 -245,256,594.70 -298,519,544.05

1. Common stock invested by the owner 4,334,385.81 4,334,385.81

2. Other equity instrument holders invest capital

3. The amount of share-based payment included in the owner's equity

4. Other -55,200,167.57 1,937,218.22 -249,590,980.5 -302,853,929.8

1 6

(3) Profit distribution 4,019,688.69 -4,019,688.69

1. Extract surplus reserve 4,019,688.69 -4,019,688.69

2. Extract general risk preparation

3. Distribution to the owner (or shareholder)

4. Other

(4) Internal transfer of owner's equity

1. Capital reserve transferred to capital (or share capital)

2. Surplus reserve transferred to capital (or share capital)

3. Surplus reserve to make up for losses

4. Set the benefit plan change amount to carry forward retained earnings

5. Other

(5) Special reserve

1. Current draw 1,770,409.03 1,770,409.03

2. This issue uses 1,770,409.03 1,770,409.03

(6) Others -472,600.00 -297,765.02 -770,365.02

IV. Balance at the end of the period 498,566,987.00 1,668,631,594.92 -414,690.95
 27,579,031.87 9,263,578.49 7,427,728.32 2,211,054,229.65

8. Parent company's owner's equity change statement

Current Amount

unit: yuan

Project

Equity Other equity instruments Capital reserve Subtract: Inventories Other comprehensive
 Special reserve Surplus reserve Unallocated Ownership

Preferred stock, perpetual debt, other stocks, profit, profit, total

I. Balance at the end of the previous year 498,566,987.00 1,722,179,000.80 27,579,031.87
 84,030,132.03 2,332,355,151.70

Plus: Changes in accounting policies

Correction of previous errors

Other

2. Opening balance at the beginning of the year 498,566,987.00 1,722,179,000.80 27,579,031.87
 84,030,132.03 2,332,355,151.70

3. The amount of increase or decrease in the current period (reduced by “-”) -15,168,197.75 -
 15,168,197.75

(1) Total comprehensive income -15,168,197.75 -15,168,197.75

(2) Owner input and reduction of capital

1. Common stock invested by the owner

2. Other equity instrument holders invest capital

3. The amount of share-based payment included in the owner's equity

4. Other

(3) Profit distribution

1. Extract surplus reserve

2. Distribution to the owner (or shareholder)

3. Other

(4) Internal transfer of owner's equity

1. Capital reserve transferred to capital (or share capital)

2. Surplus reserve transferred to capital (or share capital)

3. Surplus reserve to make up for losses

4. Set the benefit plan change amount to carry forward retained earnings

5. Other

(5) Special reserve

1. Current extraction

2. Current use

(6) Others

4. Balance at the end of the period 498,566,987.00 1,722,179,000.80 27,579,031.87
 68,861,934.28 2,317,186,953.95

Last amount

unit: yuan

Project last period

Equity Other equity instruments Capital reserve Less: treasury stocks Other comprehensive income Special reserve Surplus reserve Undistributed profit Total owner's equity Preferred stock, perpetual debt, other

I. Balance at the end of the previous year 498,566,987.00 1,722,048,259.13 23,559,343.18 - 36,837,974.88 2,207,336,614.43

Plus: Changes in accounting policies

Correction of previous errors

Other

2. Opening balance at the beginning of the year 498,566,987.00 1,722,048,259.13 23,559,343.18 -36,837,974.88 2,207,336,614.43

3. The amount of increase or decrease in the current period (reduced by “-”) 130,741.67 4,019,688.69 120,868,106.91 125,018,537.27

(1) Total comprehensive income 124,887,795.60 124,887,795.60

(2) Owner input and reduction of capital 130,741.67 130,741.67

1. Common stock invested by the owner

2. Other equity instrument holders invest capital

3. The amount of share-based payment included in the owner's equity

4. Other 130,741.67 130,741.67

(3) Profit distribution 4,019,688.69 -4,019,688.69

1. Extract surplus reserve 4,019,688.69 -4,019,688.69

2. Distribution to the owner (or shareholder)

3. Other

(4) Internal transfer of owner's equity

1. Capital reserve transferred to capital (or share capital)

2. Surplus reserve transferred to capital (or share capital)

3. Surplus reserve to make up for losses

4. Set the benefit plan change amount to carry forward retained earnings

5. Other

(5) Special reserve

1. Current extraction 348,659.95 348,659.95

2. This issue uses 348,659.95 348,659.95

(6) Others

IV. Balance at the end of the period 498,566,987.00 1,722,179,000.80 27,579,031.87 84,030,132.03 2,332,355,151.70

Third, the company's basic situation

1. Company Profile Beijing Kaiwen Dexin Education Technology Co., Ltd. (hereinafter referred to as “Company” or “Company”) formerly known as Jiangsu Zhongtai Bridge Steel Structure Co., Ltd., is a joint-stock company established by Jiangsu Zhongtai Steel Structure Co., Ltd. as a whole. It was incorporated on March 28, 2008 by the Jiangsu Administration for Industry and Commerce. The registration number of the enterprise legal person business license is

32000000070820. At the time of its establishment, the registered capital was 116.5 million yuan and the shares were 116.5 million shares.

According to the resolution of the company's first extraordinary shareholders meeting in 2011 and the revised articles of association, and approved by the China Securities Regulatory Commission on the approval of the initial public offering of Jiangsu Zhongtai Bridge Steel Co., Ltd. (CSRC [2012] No. 185) Approved, on March 7, 2012, the company publicly issued 39 million shares of RMB common stock to the public, increased the registered capital by RMB 39 million, and the registered capital after the change was RMB 155.5 million.

According to the resolution of the 2012 Annual General Meeting of Shareholders, based on the company's total share capital of 155.5 million shares as of December 31, 2012, the company will transfer 10 shares for every 10 shares to all shareholders by capital reserve, totaling 155.5 million shares, and transfer to share capital. The registered capital afterwards was RMB 311.0 million.

According to the company's 2015 first extraordinary general meeting of shareholders resolutions and revised regulations, and approved by the China Securities Regulatory Commission on the approval of Jiangsu Zhongtai Bridge Steel Co., Ltd. non-public offering of shares (certification permit [2016] Approved by Circular No. 809), the company raised matching funds to 187,566,987.00 shares of the limited target tradable shares of the three specific investors of the eight major branch holding group companies, Huaxuan (Shanghai) Equity Investment Fund Co., Ltd. and Zheng Yaping. The share value is RMB 1 yuan, the issue price per share is RMB 9.33, the registered capital is RMB 187,566,987.00, and the registered capital after the change is RMB 498,566,987.00.

Company residence: 109, 1st floor, West Section, Building 2, 4th District, Xishan Creative Park, Haidian District, Beijing. Legal representative of the company: Xu Guangyu.

The company's main business activities are technology development, technology promotion, technology transfer, technical consulting, technical services; education information consulting. (Projects subject to approval according to law may be subject to business activities after approval by relevant departments).

Financial report approval date: The financial statements were approved by the board of directors of the company on April 17, 2019.

2. Consolidated financial statement scope

(1) Subsidiaries of the company included in the consolidation scope in the current period

No. Subsidiary company Subsidiary Subsidiary

Direct indirect

- 1 Beijing Wenhua Xuexin Education Investment Co., Ltd. Wenhua Xuexin 100.00 —
- 2 Beijing Wenkaixing Education Investment Co., Ltd. Wen Kaixing — 100.00
- 3 Beijing Kaiwen Zhixin Education Investment Co., Ltd. Kaiwen Zhixin 100.00 —
- 4 Beijing Haidian Kewen School Haidian School — 100.00
- 5 Beijing Kaiwen Ruixin International Education Technology Co., Ltd. Kaiwen Ruixin 57.12 —
- 6 Beijing Kai Literature and Letters Sports Investment Management Co., Ltd. Kai Literature Letter 100.00 —
- 7 Kevin International Education Co., Ltd. Kevin International — 100.00
- 8 Beijing Kaiwen Hengxin Education Technology Co., Ltd. Kevin Hengxin — 100.00
- 9 Beijing Kaiwen Renxin Education Technology Co., Ltd. Kaiwen Renxin 100.00 —
- 10 Beijing Kaiyu Xinde Restaurant Management Co., Ltd. Kai Yu Xinde 51.00 —
- 11 Kaiwen School, Chaoyang District, Beijing Chaoyang School — 100.00
- 12 Hunan Kaiwen Xingyi Education Technology Co., Ltd. Kaiwen Xingyi — 100.00
- 13 Kaiwen Educationg US, Inc. Kevin America Inc. — 100.00
- 14 Princeton Westminster International, LLC Princeton Company — 100.00
- 15 Tianjin Kaiwen Star Art Training School Co., Ltd. Tianjin Star Art — 100.00
- 16 Beijing Kaiwen Yimei Education Technology Co., Ltd. Kaiwen Yimei 100.00 —

For details of the above subsidiaries, please refer to “Equity in other entities” in Note IX;

(2) Changes in the scope of the consolidated financial statements of the Company for the current period

New subsidiaries in this issue:

No. Subsidiary company full name Subsidiary name Reason for inclusion in the scope of consolidation

- 1 Kaiwen School, Chaoyang District, Beijing Chaoyang School
- 2 Hunan Kaiwen Xingyi Education Technology Co., Ltd. Kaiwen Xingyi New
- 3 Kaiwen Educationg US, Inc. Kevin America Inc.
- 4 Princeton Westminster International, LLC Princeton Corporation
- 5 Tianjin Kaiwen Xingyi Training School Co., Ltd. Tianjin Xingyi New
- 6 Beijing Kaiwen Yimei Education Technology Co., Ltd. Kaiwen Yimei New

There are no subsidiaries in this period. For details of the new and reduced subsidiaries in this period, please refer to Note 8 “Changes in the scope of consolidation”.

Fourth, the basis for the preparation of financial statements

1. Preparation basis

Based on the continuing operations, the Company confirms and measures according to the actual transactions and events, in accordance with the Accounting Standards for Business Enterprises and its application guidelines and guidelines, and prepares financial statements on this basis.

2. Continuous operation

The Company has evaluated the ability to continue operations for 12 months from the end of the reporting period. No issues affecting the Company's ability to continue as a going concern have been found. It is reasonable for the Company to prepare financial statements based on continuing operations.

V. Significant accounting policies and accounting estimates

Does the company need to comply with disclosure requirements for specific industries? No specific accounting policies and accounting estimates:

The following important accounting policies and accounting estimates of the Company are formulated in accordance with the Accounting Standards for Business Enterprises. Businesses not mentioned are implemented in accordance with the relevant accounting policies in the Accounting Standards for Business Enterprises.

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

The financial statements prepared by the company are in compliance with the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the company's financial status, operating results, changes in owner's equity and cash flow.

2. Accounting period

The fiscal year of the company begins on January 1 and ends on December 31 of the Gregorian calendar.

3. Business cycle

The normal business cycle of the company is one year.

4. Bookkeeping currency

The Company's bookkeeping base currency is Renminbi, and the overseas (sub) subsidiaries are the bookkeeping base currency according to the currency of the country or region where they are located.

5. Accounting treatment method for business combination under the same control and not under the same control

(1) Business combination under the same control

The assets and liabilities acquired by the Company in the business combination are measured at the carrying amount of the combining party in the consolidated financial statements of the ultimate controlling party on the combining date. Among them, for the accounting policies adopted by the merged party and the company before the merger, the accounting policy is based on the principle of importance, that is, the book value of the assets and liabilities of the merged party is adjusted according to the accounting policies of the company. If there is a difference between the book value of the net assets acquired by the company in the business combination and the book value of the consideration paid, first adjust the balance of capital reserve (capital premium or equity premium) and capital reserve (capital premium or equity premium). In case of insufficient reduction, the surplus reserve and undistributed profit will be offset in turn.

(2) Business combinations not under the same control

The identifiable assets and liabilities of the acquiree acquired by the Company in the business combination are measured at its fair value on the purchase date. Among them, for the accounting policies adopted by the purchaser and the company before the merger, the accounting policy is based on the principle of importance, that is, the book value of the assets and liabilities of the purchased party is adjusted according to the accounting policies of the company. The merger cost of the Company on the purchase date is greater than the difference between the fair value of the acquiree's identifiable assets and liabilities acquired in the business combination, and is recognized as goodwill; if the combination cost is less than the acquiree's identifiable assets and liabilities obtained in the business combination The difference in value firstly reviews the merger cost and the fair value of the identifiable assets and liabilities of the acquiree obtained in the business combination. After the review, the merger cost is still less than the fair value of the acquiree's identifiable assets and liabilities. The difference is recognized as the consolidated profit and loss for the current period.

6. Preparation method of consolidated financial statements

(1) Determination of the scope of consolidation

The scope of consolidation of the consolidated financial statements is determined on the basis of control, including not only subsidiaries that are determined by voting rights (or similar voting rights) or in combination with other arrangements, but also structured entities that are determined based on one or more contractual arrangements.

Control means that the company has the power to the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power of the investee to influence the amount of the return. Subsidiaries refer to the entities controlled by the company (including the divisible part of the enterprise and the invested entity, and the structured entities controlled by the enterprise, etc.). The structured entity refers to the voting rights or similar when determining the controlling party. The subject of rights as a decisive factor (note: sometimes referred to as a special purpose subject).

(2) Preparation method of consolidated financial statements

Based on the financial statements of itself and its subsidiaries, the Company prepares consolidated financial statements based on other relevant information. The Company prepares consolidated financial statements and regards the entire enterprise group as an accounting entity. It reflects the overall financial status, operating results and cash flow of the enterprise group in accordance with the unified accounting policies in accordance with the requirements for recognition, measurement and presentation of relevant accounting standards.

1 Consolidate the assets, liabilities, owner's equity, income, expenses and cash flow of the parent company and subsidiaries. 2 Set off the share of the parent company's long-term equity investment in the subsidiary and the parent company's share of the owner's equity.

3 Offset the impact of internal transactions between the parent company and its subsidiaries and subsidiaries. If the internal transaction indicates that the relevant assets have impairment losses, the losses shall be fully recognized.

4 Adjust the special transaction matters from the perspective of the enterprise group.

(3) Increase or decrease of subsidiaries' processing during the reporting period

1 increase subsidiary or business

A. Subsidiary or business added by business combination under the same control

(a) When preparing the consolidated balance sheet, adjust the opening balance of the consolidated balance sheet and adjust the relevant items of the comparative statement, as if the combined reporting entity has existed since the ultimate controlling party began to control.

(b) When compiling the consolidated income statement, the income, expenses and profits of the subsidiary and the business combination from the beginning of the period to the end of the reporting period are included in the consolidated income statement, and the related items of the comparative report are adjusted, as if the combined reporting entity The final control party always exists when it starts to control.

(c) When preparing the consolidated cash flow statement, the cash flow of the subsidiary and the business combination from the beginning of the period to the end of the reporting period is included in the consolidated cash flow statement, and the related items of the comparative statement are adjusted, as if the combined reporting entity The control party always exists when it starts to control.

B. Subsidiaries or businesses added by business combinations not under the same control

(a) When preparing the consolidated balance sheet, the opening balance of the consolidated balance sheet is not adjusted.

(b) When preparing the consolidated income statement, include the income, expenses and profits of the subsidiary and the business purchase date to the end of the reporting period in the consolidated income statement.

(c) When preparing the consolidated cash flow statement, the cash flow from the purchase date of the subsidiary to the end of the reporting period is included in the consolidated cash flow statement.

2 Disposal of subsidiaries or business

A. When preparing the consolidated balance sheet, the opening balance of the consolidated balance sheet is not adjusted.

B. When compiling the consolidated income statement, the income, expenses and profits of the subsidiary and the business beginning to the disposal date are included in the consolidated income statement.

C. When preparing the consolidated cash flow statement, the cash flow of the subsidiary and the business beginning to the disposal date is included in the consolidated cash flow statement.

(4) Special considerations in merger offsetting

1 A subsidiary holding a long-term equity investment of the company shall be regarded as the treasury stock of the company. As a deduction of the owner's equity, it shall be listed as “minus: treasury stock” under the owner's equity item in the consolidated balance sheet. .

The long-term equity investments held by the subsidiaries are offset against the share of the owners' equity of the corresponding subsidiaries by comparing the offsetting method of the company's equity investments in the subsidiaries.

2 “Special reserve” and “general risk preparation” projects are not related to paid-in capital (or equity) and capital reserve, but also different from retained earnings and undistributed profits. The long-term equity investment and the owner's equity of the subsidiary are mutually offset. After the sale, it is restored according to the share of the owner of the parent company.

3 If the book value of the assets and liabilities in the consolidated balance sheet is temporarily different from the tax base of the taxpayer in the consolidated financial statements, the deferred income tax assets are recognized in the consolidated balance sheet. Deferred income tax liabilities, while adjusting the income tax expense in the consolidated income statement, except for deferred income tax related to transactions or events and business combinations that are directly recognised in owners' equity.

4 The unrealized internal transaction gains and losses arising from the sale of assets by the Company to the subsidiary shall fully offset the “net profit attributable to the owner of the parent company”. The unrealized internal transaction gains and losses arising from the sale of assets by the subsidiary to the company shall be offset between the “net profit attributable to the owner of the parent company” and “minority shareholder gains and losses” according to the proportion of the company’s distribution to the subsidiary. . The unrealized gains and losses from internal transactions arising from the sale of assets between subsidiaries shall be offset between the “net profit attributable to owners of the parent company” and “minority gains and losses” in accordance with the proportion of the company’s distribution to the seller’s subsidiaries. .

If the current loss shared by the minority shareholders of the subsidiary exceeds the share of the minority shareholders in the owner's equity of the subsidiary at the beginning of the period, the balance shall still be reduced to the minority shareholders' equity.

(5) Accounting treatment of special transactions

1 Purchase of minority shareholders' equity The Company purchases the equity of the subsidiaries owned by the minority shareholders of the subsidiary. In the individual financial statements, the investment cost of the newly acquired long-term equity investment is measured according to the fair value of the consideration paid. In the consolidated financial statements, the

difference between the long-term equity investment newly acquired for the purchase of a minority shareholding and the share of the net assets that should be continuously calculated from the date of purchase or the merger date calculated in accordance with the new shareholding ratio shall be adjusted. If the capital reserve is insufficient to offset, the surplus reserve and undistributed profit will be offset in turn.

2 Step by step to obtain control of the subsidiary through multiple transactions A. By means of multiple transactions, the business combination under the same control is a “package deal”, and the company treats each transaction as a transaction to obtain control of the subsidiary. Process it. In each individual financial statement, in each transaction prior to the merger date, the equity investment is recognized as a long-term equity investment and its initial investment cost is calculated according to the corresponding shareholding ratio. The net assets of the merged party are consolidated in the final controlling party. The book value share in the statement is determined. The difference between the initial cost of the long-term equity investment and the book value of the payment consideration adjusts the capital reserve (capital premium or equity premium), and the capital reserve (capital premium or equity premium) is insufficiently offset. Reduce the surplus reserve and undistributed profits. In the subsequent measurement, the long-term equity investment is accounted for according to the cost method, but does not involve the preparation of consolidated financial statements. On the merger date, the initial cost of the company's long-term equity investment in the subsidiary is determined based on the book value share of the net assets of the merged party in the consolidated financial statements of the ultimate controlling party based on the cumulative shareholding ratio of the subsidiary, and the initial investment cost and The difference between the book value of the long-term equity investment before the merger and the book value of the new share payment consideration on the merger date, adjust the capital reserve (capital premium or equity premium), and the capital reserve (capital premium or equity premium) is insufficient. If it is reduced, it will reduce the surplus reserve and undistributed profit. At the same time, the consolidated financial statements of the merger date are prepared, and the parties in the consolidated financial statements are treated as if they were in the current state when the ultimate controlling party begins to control.

The terms, conditions and economic impact of each transaction are in one or more of the following situations, and multiple transactions are usually accounted for as a “package deal”:

- (a) These transactions are made at the same time or with consideration of each other's influence.
- (b) These transactions as a whole can achieve a complete business outcome.
- (c) The occurrence of a transaction depends on the occurrence of at least one other transaction.
- (d) A transaction is not economical when considered separately, but it is economical when considered together with other transactions. For each transaction before the merger date, each transaction incurred by the Company is recognized as a financial asset at the fair value of the consideration paid (measured at fair value through profit or loss). Financial assets or available-for-sale financial assets) or

long-term equity investments accounted for using the equity method. On the merger date, the Company determines the initial investment cost of the long-term equity investment in the individual financial statements based on the share of the book value of the subsidiary's net assets in the final controlling party's consolidated financial statements. Adjusting the capital reserve (capital premium or equity premium) by adjusting the initial investment cost of the long-term equity investment in the merger, and the difference between the book value of the long-term equity investment before the merger and the book value of the new payment consideration for the merger date. If the capital reserve is insufficient to offset, the surplus reserve and undistributed profit will be offset in turn.

In the consolidated financial statements, the parties are deemed to be in the current state when the ultimate controlling party begins to control, and the consolidated financial statements are prepared no earlier than the combining party and the merged party. The time limit under the control of the controlling party is limited, and the relevant assets and liabilities of the merged party are merged into the comparative statement of the consolidated financial statements of the combining party, and the net assets increased by the merger are adjusted under the owner's equity in the comparative statement. Related projects. If the balance of the capital reserve (capital premium or share premium) of the merging party is insufficient, the part of the retained earnings realized by the merging party before the merger is not fully recovered in the consolidated financial statements, the company is reporting This situation is explained in the notes, including the amount of retained earnings realized by the merged party before the merger, the amount attributable to the company, and the amount that has not been transferred to retained earnings in the consolidated balance sheet due to insufficient capital reserve balance.

The equity investment held by the combining party before the acquisition of the control of the combining party is accounted for using the equity method, and the date of acquisition of the original equity is from the date on which the combining party and the merged party are in the same party The related profit and loss, other comprehensive income and other changes in owner's equity have been recognized, and the retained earnings at the beginning of the comparative reporting period should be offset separately.

B. Step by step to achieve business combination not under the same control through multiple transactions

In the case of a “package deal”, the company treats each transaction as a transaction that acquires control of the subsidiary. In the individual financial statements, on the date of the merger

In each of the previous transactions, the equity investment is recognized as a long-term equity investment and its initial investment cost is determined based on the fair value of the consideration paid. In the subsequent measurement, the long-term equity investment is accounted

for according to the cost method, but does not involve the preparation of consolidated financial statements. On the merger date, in the individual financial statements, the initial investment of the long-term equity investment on the merger date is based on the sum of the book value of the previously held long-term equity investment plus the new investment cost (the fair value of the consideration paid for the further acquisition of the shares). cost. In the consolidated financial statements, the initial investment cost is offset against the share of the fair value of the identifiable net assets of the subsidiary. The difference is recognised as goodwill or recognised in profit or loss.

For each transaction before the merger date, each transaction incurred by the investor is recognized as a financial asset at the fair value of the consideration paid (measured at fair value through profit or loss). Financial assets or available-for-sale financial assets) or long-term equity investments accounted for using the equity method. On the merger date, in the individual financial statements, the book value of the original equity investment (financial assets or long-term equity investment accounted for under the equity method) plus the new investment cost is used as the conversion of long-term equity by cost method. The initial cost of the investment. In the consolidated financial statements, the equity of the purchased party held before the purchase date is re-measured according to the fair value of the equity on the purchase date. The difference between the fair value and the book value is included in the current investment income; If the equity of the purchased party involves other comprehensive income under the equity method, etc., other comprehensive income related to it is transferred to the current income at the date of purchase, but the re-measurement of the net assets or net liabilities of the defined benefit plan is re-measured by the merged party. Except for other comprehensive income generated. In the notes, the Company discloses the fair value of the equity of the purchased party held before the purchase date on the date of purchase, and the amount of relevant gains or losses arising from the re-measurement of the fair value.

3 The company disposed of long-term equity investment in subsidiaries but did not lose control

The parent company partially disposes of the long-term equity investment in the subsidiary without losing control. In the consolidated financial statements, the disposal price and the disposal of the long-term equity investment shall be subject to the net assets continuously calculated by the subsidiary from the date of purchase or the merger date. The difference between the shares, adjust the capital reserve (capital premium or equity premium), the capital reserve is insufficient to offset, adjust the retained earnings.

4 The company disposed of long-term equity investment in subsidiaries and lost control

A. Disposal of a transaction

If the Company loses control of the investee due to the disposal of part of the equity investment,

etc., in the preparation of the consolidated financial statements, the remaining equity is re-measured according to its fair value on the date of loss of control. The difference between the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the difference between the original shareholding ratio and the share of the net assets that should be continuously calculated from the date of purchase or the merger date, is included in the loss control. The right to invest in the current period, while reducing the goodwill (Note: If the original business merger is not under the same control and there is goodwill). Other comprehensive income related to the original subsidiary's equity investment will be converted into current investment income when control is lost.

In addition, other comprehensive income and other changes in owner's equity related to the equity investment of Atom Co., Ltd. are transferred to the current profit and loss when control is lost, and other comprehensive results arising from the remeasurement of the net debt or net assets of the defined benefit plan by the investee. Except for earnings.

B. Step by step multiple transactions

In the consolidated financial statements, it should first be judged whether the step-by-step transaction is a “package deal”.

If the step-by-step transaction is not a “package deal”, the transactions before the loss of control over the subsidiary shall be handled in accordance with the relevant provisions of “the parent company disposes of the long-term equity investment of the subsidiary but does not lose control”.

If the step-by-step transaction is a “package deal”, each transaction shall be accounted for as a transaction that disposes of the subsidiary and loses control; where, for each transaction before the loss of control, the disposal price corresponds to the disposal investment. The difference in the share of the net assets of the subsidiary shall be recognized as other comprehensive income in the consolidated financial statements, and shall be transferred to the profit and loss of the current period of loss of control when the control is lost.

5 factor company's minority shareholders increase capital and dilute the proportion of equity owned by the parent company

The other shareholders (minority shareholders) of the subsidiary increase the capital of the subsidiary, thereby diluting the proportion of the parent company's equity to the subsidiary. In the consolidated financial statements, the share of the net assets of the subsidiary before the capital increase is calculated according to the proportion of the parent company before the capital increase. The share and the share of the net assets of the subsidiary after the capital increase

calculated according to the shareholding ratio of the parent company after the capital increase. If the difference between the capital reserve (capital premium or equity premium) is adjusted, the capital reserve (capital premium or equity premium) is insufficient to offset the retained earnings.

7. Classification of joint venture arrangements and accounting treatment methods for joint operations

A joint venture arrangement is an arrangement that is jointly controlled by two or more parties. The company's joint venture arrangements are divided into joint operations and joint ventures.

(1) Joint operation Joint operation refers to the joint arrangement of the Company that enjoys the relevant assets of the arrangement and bears the liabilities related to the arrangement. The Company confirms the following items related to the share of interests in the joint operation and conducts accounting treatment in accordance with the relevant accounting standards:

1 Confirm the assets held separately and recognize the assets held jointly by their shares; 2 Confirm the liabilities assumed separately, and recognize the liabilities shared by their shares; 3 Confirm the sale of the share of common operating output The income generated; 4, according to its share, recognizes the income generated by the joint operation from the sale of the output; 5 confirms the expenses incurred separately and recognizes the expenses incurred by the joint operation according to its share. (2) Joint ventures A joint venture is a joint venture arrangement in which the company only has rights to the net assets of the arrangement. The Company shall account for the investment of the joint venture in accordance with the provisions of the long-term equity investment related equity method.

8. Determination criteria for cash and cash equivalents

Cash refers to the company's cash on hand and deposits that can be used for payment at any time. Cash equivalents refer to short-term holdings (generally referred to as maturity within three months from the date of purchase), strong liquidity, easy conversion into known amounts of cash, and minimal risk of changes in value.

9. Foreign currency business and foreign currency statement translation

(1) Method for determining the exchange rate during foreign currency transactions

The initial recognition of the foreign currency transactions of the Company is converted into the recording currency using the spot exchange rate on the transaction date or the approximate exchange rate of the spot exchange rate.

(2) Translation method of foreign currency monetary items on the balance sheet date

On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. The exchange difference arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the initial recognition or the previous balance sheet date is recognised in profit or loss for the current period.

(3) Foreign currency statement conversion method

Before the conversion of the financial statements of overseas business operations, the accounting period and accounting policies of overseas operations shall be adjusted to be consistent with the accounting period and accounting policies of the enterprise, and then the corresponding currency shall be prepared according to the adjusted accounting policies and accounting periods (other than the accounting currency) The financial statements of the currency, and then convert the financial statements of overseas operations according to the following methods:

1 Assets and liabilities in the balance sheet are translated at the spot exchange rate on the balance sheet date. Except for the “undistributed profit” item, other items are converted at the spot exchange rate at the time of occurrence.

2 Income and expense items in the income statement are translated at the spot exchange rate on the transaction date or the approximate exchange rate of the spot exchange rate.

3 The translation difference of the foreign currency financial statements generated, when preparing the consolidated financial statements, separately lists “other comprehensive income” under the owner's equity item in the consolidated balance sheet.

4 Foreign currency cash flows and cash flows of overseas subsidiaries are translated using the spot exchange rate on the date of the cash flow or the approximate exchange rate of the spot exchange rate. Exchange rate change

The amount of cash impact should be used as a reconciliation item and presented separately in the cash flow statement.

10. Financial instruments

(1) Classification of financial assets

1 Financial assets measured at fair value through profit or loss include transactional financial assets and financial assets directly at fair value through profit or loss. The former mainly refers

to the company's sale in the near future. Stocks, bonds, funds held, and derivatives investments that are not effective hedging instruments. Such assets are initially recognised at fair value at the time of acquisition, and the related transaction expense is recognised in profit or loss. The payment of the price includes a cash dividend that has been declared but not yet issued, or a bond interest that has been paid but has not yet been received, and is separately recognized as an item receivable. Obtain interest or cash dividends during the holding period and recognize them as investment income. On the balance sheet date, the Company measures such financial assets at fair value through profit or loss. When such financial assets are disposed, the difference between the fair value and the initial recorded amount is recognized as investment income, and the gains and losses from changes in fair value are adjusted.

2 Held-to-maturity investments mainly refer to government bonds and corporate bonds with fixed maturities, fixed or determinable payments, and the company's intentions and ability to hold to maturity. Such financial assets are initially recognized at the sum of the fair value at the time of acquisition and the related transaction expenses. The bond interest included in the payment price but not yet paid out is separately recognized as the receivable item. Held-to-maturity investments are recognized as interest income based on amortized cost and actual interest rate during the holding period and are included in investment income. When disposing of held-to-maturity investments, the difference between the purchase price and the book value of the investment is included in the investment income.

3 Receivables Receivables mainly include accounts receivable and other receivables. Accounts receivable refers to the receivables formed by the company's sales of goods or provision of labor services. The accounts receivable are initially recognized as the amount of the contract or agreement receivable from the purchaser.

4 Available-for-sale financial assets mainly refer to financial assets that are not measured at fair value through profit or loss, held-to-maturity investments, loans and receivables. The available-for-sale financial assets are initially recognized as the sum of the fair value of the financial assets acquired and related transaction expenses. The bond interest included in the payment price but not yet received, or the cash dividend declared but not yet issued, is separately recognized as the receivable item. Interest or cash dividends earned during the period in which the available-for-sale financial assets are held are included in investment income.

The available-for-sale financial assets are foreign currency monetary financial assets, and the exchange gains and losses formed by them shall be included in the current profits and losses. The interest on the available-for-sale debt instrument investment calculated using the effective interest method is included in the current profit and loss; the cash dividend of the available-for-sale equity instrument investment is included in the current profit and loss when the investee declares the dividend. On the balance sheet date, available-for-sale financial assets are measured

at fair value, and their changes are included in other comprehensive income. When disposing of available-for-sale financial assets, the difference between the price obtained and the book value of the financial assets is included in the investment income; at the same time, the accumulated amount of the fair value change originally included in the owner's equity is transferred out of the amount of the disposal portion. Investing income.

(2) Classification of financial liabilities

(1) Financial liabilities measured at fair value through profit or loss, including financial liabilities and financial liabilities designated at fair value through profit or loss; The related transaction costs are directly recognized in profit or loss for the current period. Changes in fair value are recognised in profit or loss in the period.

2 Other financial liabilities are financial liabilities other than financial liabilities measured at fair value through profit or loss.

(3) Reclassification of financial assets

If an investment is no longer suitable for being classified as held-to-maturity investment due to changes in intent or ability to hold, the Company reclassifies it as an available-for-sale financial asset and performs subsequent measurement at fair value. The amount of held-to-maturity investments sold or reclassified is large and does not fall under the Accounting Standards for Business Enterprises No. 22 - Financial Instruments

The exceptions referred to in Article 16 of the Confirmation and Measurements shall make the remainder of the investment no longer suitable for being classified as held-to-maturity investments. The Company shall reclassify the remainder of the investment as available-for-sale financial assets. And subsequent measurement at fair value, but the financial assets are no longer classified as held-to-maturity investments in the current fiscal year and the following two full fiscal years.

On the reclassification date, the difference between the book value of the investment and the fair value is included in other comprehensive income. When the available-for-sale financial assets are depreciated or derecognised, they are transferred to profit or loss.

(4) Distinction between financial liabilities and equity instruments

Financial liabilities and equity instruments are distinguished according to the following principles, except in special circumstances:

1 If the company cannot unconditionally avoid delivering a contractual obligation by delivering cash or other financial assets, the contractual obligation is consistent with the definition of financial liability. Some financial instruments, although not explicitly containing the terms and conditions of delivery of cash or other financial assets obligations, may indirectly form contractual obligations through other terms and conditions.

2 If a financial instrument is required or can be settled by the company's own equity instruments, it is necessary to consider the company's own equity instruments used to settle the instrument, whether it is a substitute for cash or other financial assets, or for the tool to be held. The party enjoys the remaining interest in the assets of the issuer after deducting all liabilities. In the former case, the instrument is the issuer's financial liability; if it is the latter, the instrument is the issuer's equity instrument. In some cases, a financial instrument contract requires the company to settle the financial instrument with or with its own equity instrument, where the amount of contractual or contractual obligations equals the number of equity instruments available or to be delivered multiplied by its settlement. The fair value of the contract, whether the amount of the contractual or contractual obligation is fixed, or is based in whole or in part on variables other than the market price of the company's own equity instruments (such as interest rates, prices of certain commodities or a financial instrument) The price of the item changes, and the contract is classified as a financial liability.

(5) Transfer of financial assets

Financial asset transfer refers to the following two situations:

- A. Transfer the contractual right to receive cash flow from financial assets to the other party;
- B. Transfer financial assets in whole or in part to the other party, but retain the contractual right to receive cash flows from financial assets and bear the contractual obligation to pay the cash flow received to one or more payees.

1 Termination of confirmed transfer of financial assets

Almost all risks and rewards of ownership of financial assets have been transferred to the transferee, or neither transferred nor retained almost all the risks and rewards of ownership of the financial assets, but the control of the financial assets is abandoned, and the confirmation is terminated. The financial asset.

When judging whether the control of the transferred financial assets has been abandoned, the actual ability of the transferor to sell the financial assets is emphasized. The transferee can separately sell the transferred financial assets to a third party with no related party relationship,

and there is no additional condition to restrict the sale, indicating that the company has abandoned the control of the financial assets.

When the company judges whether the transfer of financial assets satisfies the conditions for derecognition of financial assets, it pays attention to the essence of the transfer of financial assets.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts is included in the current profit and loss:

- A. The book value of the transferred financial assets;
- B. The consideration received as a result of the transfer is the sum of the cumulative change in fair value (which is the case in which the transferred financial asset is an available-for-sale financial asset).

If the partial transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets as a whole is in the derecognition portion and the non-recognition portion (in which case the retained service assets are treated as part of the unrecognized financial assets) Between them, they are apportioned according to their respective relative fair values, and the difference between the following two amounts is included in the current profit and loss:

- A. The book value of the termination confirmation part;
- B. The amount of the derecognition part of the consideration, and the amount of the derecognition part of the cumulative amount of changes in fair value that is directly recognised in owners' equity

The sum of assets in the case of available-for-sale financial assets).

2 If the financial assets transferred into the transfer have neither transferred nor retained almost all the risks and rewards of ownership of the financial assets, and have not waived control over the financial assets, the relevant financial assets shall be recognized according to the extent to which they continue to be involved in the transferred financial assets. Assets and corresponding liabilities are recognized accordingly.

The extent of continuing involvement in the transferred financial assets refers to the level of risk that the value of the financial assets changes. 3 If it continues to confirm that the transferred financial assets retain almost all the risks and rewards of ownership of the transferred financial assets, it shall continue to confirm the transferred financial assets as a whole and recognize the

consideration received as a financial liability.

The financial assets and related financial liabilities recognized may not be offset. In the subsequent accounting period, the company should continue to recognize the income generated by the financial assets and the expenses incurred by the financial liabilities. If the financial assets transferred are measured at amortised cost, the related liabilities recognized in the financial assets are recognised at fair value through profit or loss.

(6) Derecognition of financial liabilities

If all or part of the current obligations of a financial liability have been discharged, the financial liability or part of it is derecognised.

If an asset used to repay a financial liability is transferred to an institution or a trust is established, and the current obligation to repay the debt still exists, the financial liability is not terminated, and the transferred asset is not terminated.

An agreement is signed with the creditor to replace the existing financial liabilities with new financial liabilities, and the new financial liabilities are substantially different from the existing financial liabilities, and the existing financial liabilities are terminated and the new financial liabilities are recognized.

If the contractual terms of all or part of the existing financial liabilities are substantially modified, the existing financial liabilities or part of them will be terminated, and the financial liabilities after the modification of the terms will be recognized as a new financial liability.

If the financial liability is derecognised in whole or in part, the difference between the carrying amount of the derecognised portion and the consideration paid (including the transferred non-cash assets or the new financial liabilities) is recognised in profit or loss.

(7) Offset of financial assets and financial liabilities

Financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset against each other. However, if the following conditions are met, the net amount after offsetting each other is listed in the balance sheet:

The company has a statutory right to offset the confirmed amount, and such legal right is currently enforceable;

The company plans to settle the net assets or realize the financial assets and liquidate the

financial liabilities at the same time.

If the financial assets that do not meet the conditions for termination confirmation are transferred, the transferor shall not offset the transferred financial assets and related liabilities.

(8) Financial assets impairment test method and impairment provision accrual method

1 Objective evidence of impairment of financial assets:

- A. The issuer or the debtor has serious financial difficulties;
- B. The debtor violates the terms of the contract, such as default or overdue payment of interest or principal;
- C. The creditor makes concessions to the debtor who has financial difficulties for economic or legal considerations;
- D. The debtor may fail or undergo other financial restructuring;
- E. Due to major financial difficulties of the issuer, the financial assets cannot continue to trade in the active market;
- F. It is impossible to identify whether the cash flow of an asset in a group of financial assets has been reduced, but after an overall evaluation based on the public data, it is found that the group of gold

The estimated future cash flows from the initial recognition of the financing have indeed been reduced and measurable;

G. Significant adverse changes in the technical, market, economic or legal environment in which the debtor operates, such that the equity instrument investor may not be able to recover the investment cost; H. The fair value of the equity instrument investment is severely or non-temporarily falling; Other objective evidence that the financial assets are impaired. 2 Impairment test of financial assets (excluding accounts receivable) A. Held-to-maturity investment impairment test When the held-to-maturity investment is impaired, the book value of the held-to-maturity investment is reduced to the present value of the estimated future cash flow (excluding future credit losses that have not yet occurred) The amount of the write-down is recognized as the asset impairment loss and is included in the current profit and loss.

The present value of expected future cash flows is determined by discounting the original

effective interest rate of the held-to-maturity investment and taking into account the value of the relevant collateral (deducted from the expenses incurred in obtaining and selling the collateral). The original effective interest rate is the actual interest rate calculated and determined when the held-to-maturity investment is initially recognized. For floating-rate held-to-maturity investments, the current effective interest rate stipulated in the contract can be used as the discount rate when calculating the present value of future cash flows.

Even if the terms of the contract are re-agreed or modified due to the financial difficulties of the debtor or the financial asset issuer, the impairment of the impairment loss is still calculated using the original effective interest rate of the financial asset calculated before the modification of the terms.

After the impairment loss is recognized for held-to-maturity investments, if there is objective evidence that the value of the held-to-maturity investment has been restored and is objectively related to the events that occurred after the recognition of the loss (if the debtor's credit rating has been increased, etc.) The originally recognized impairment loss is reversed and included in the current profit and loss.

After the impairment of the held-to-maturity investment, the interest income is recognized as the interest rate based on the discount rate used to discount the future cash flow when the impairment loss is determined.

B. Impairment test of available-for-sale financial assets

On the balance sheet, the Japanese company analyzes the impairment of available-for-sale financial assets to determine whether the fair value of the financial assets continues to decline. Usually, if the fair value of the available-for-sale financial assets has fallen by 50% or more relative to the cost, or the continuous decline has reached or exceeded 12 months, after considering various relevant factors, it is expected The downward trend is non-temporary and it can be considered that the available-for-sale financial assets have been impaired and the impairment loss is recognized. In the case of impairment of available-for-sale financial assets, when the impairment loss is recognized, the accumulated losses arising from the decline in the fair value directly recognised in owners' equity are transferred out and included in asset impairment losses.

Whether the financial assets of the available-for-sale debt instruments are impaired can be analyzed and judged by reference to the above-mentioned available-for-sale equity instrument investments.

Impairment losses arising from investments in available-for-sale equity instruments may not be

reversed through profit or loss.

After the financial assets available for sale are impaired, the interest income is recognized as the interest rate based on the discount rate used to discount the future cash flows when determining the impairment loss.

For the available-for-sale debt instruments that have been recognized for impairment losses, the fair value of the subsequent accounting period has risen and is objectively related to the events that occurred after the recognition of the original impairment loss is recognized, the previously recognized impairment losses are reversed. Enter the current profit and loss.

(9) Method for determining the fair value of financial assets and financial liabilities

The company measures the relevant assets or negatives at the price of the main market.

(1) Classification of non-current assets or disposal groups held for sale

The Company classifies non-current assets or disposal groups that meet the following conditions into holding categories for sale:

1 According to the 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, that is, the company has already made a resolution on a sale plan and obtained a certain purchase commitment, which is expected to be sold. It will be completed within one year. The relevant regulations require the approval of the relevant authorities or regulatory authorities of the Company before they can be sold, and have been approved.

The non-current assets or disposal groups acquired by the Company for resale meet the requirements of “expected sales will be completed within one year” on the acquisition date, and are likely to be held for sale in the short term (usually 3 months). For other divisional conditions of the category, the company divides it into holdings for sale on the acquisition date.

If the company loses control over the subsidiary due to the sale of the investment in the subsidiary, etc., whether the company retains part of the equity investment after the sale, the investment in the subsidiary to be sold satisfies the conditions for holding the classified category for sale. In the individual financial statements of the parent company, the investment of the subsidiaries is divided into the holdings for sale, and all assets and liabilities of the subsidiaries are classified into holdings for sale in the consolidated financial statements.

(2) Measurement of non-current assets or disposal groups held for sale

Investment property that is subsequently measured using the fair value model, biological assets measured using fair value less costs of sales, assets formed by employee compensation, deferred income tax assets, financial assets regulated by relevant accounting standards for financial instruments, and The measurement of the rights generated by the insurance contract regulated by

the relevant accounting standards of the insurance contract applies to other relevant accounting standards.

When the initial measurement or re-measurement of the non-current assets or disposal groups held for sale on the balance sheet date, the book value is higher than the fair value less the sales proceeds, the book value is reduced to the fair value less The net amount after the sale of the expenses, the amount of the write-down is recognized as the asset impairment loss, which is included in the current profit and loss, and the provision for impairment of assets held for sale is made.

When a non-current asset or disposal group no longer continues to be classified as held for sale or if it is removed from a disposal group held for sale because it no longer meets the conditions for holding the category for sale, Depreciation:

1 The amount of the book value before being classified as held for sale, adjusted according to the depreciation, amortization or impairment that should be confirmed if it is not classified as held for sale;

2 recoverable amount.

(3) Presentation

In the balance sheet, the company separately lists the non-current assets held for sale or the assets held in the disposal group for sale, which are different from other liabilities in the disposal group held for sale. Liabilities. The non-current assets held for sale or the assets in the disposal group held for sale and the liabilities in the disposal group held for sale are not offset each other and are presented as current assets and current liabilities respectively.

14. Long-term equity investment

The company's long-term equity investment includes equity investments that have significant control over the investee, and equity investments in joint ventures. If the company can exert significant influence on the invested entity, it is an associate of the company.

(1) Determining the basis for joint control and significant influence on the invested entity

Joint control refers to the control that is common to an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement must be agreed upon by the participants sharing the control rights before making a decision. When judging whether there is joint control, first determine whether all participants or groups of participants collectively control the arrangement. If all parties or a group of participants must act in concert to determine the relevant activities of an arrangement, then all participants or A group of participants collectively controls the arrangement. Secondly, it is judged whether the decision on the relevant activities of the arrangement must be unanimously agreed by the participants who collectively control the arrangement. If there are two or more combinations of participants that can collectively control an arrangement, it does not constitute joint control. When judging whether there is joint control,

the protective rights enjoyed are not considered.

Significant influence refers to the investing party's power to participate in the decision-making of the financial and operating policies of the invested entity, but it cannot control or jointly control the formulation of these policies with other parties. In determining whether it is possible to exert significant influence on the investee, the investor may directly or indirectly hold the voting shares of the investee and the current potential voting rights held by the investor and other parties are assumed to be converted into units of the investee. The impact of the equity, including the current issue of the invested entity

The impact of converted warrants, share options and convertible corporate bonds.

When the company directly or through a subsidiary indirectly owns 20% (including 20%) or more of the voting shares of the invested company, it is generally considered to have a significant impact on the invested entity unless there is clear evidence to indicate that Can not participate in the production and operation decisions of the invested unit, does not have a major impact.

(2) Initial investment cost determination

1 For long-term equity investment formed by business combination, the investment cost shall be determined according to the following provisions:

A. The business combination under the same control, the combining party pays cash, transfers non-cash assets or assumes the debt as the merger consideration, according to the book value of the combined party's owner's equity in the consolidated financial statements of the ultimate controlling party on the combining date. Share as the initial investment cost of a long-term equity investment. The difference between the initial investment cost of the long-term equity investment and the cash paid, the non-cash assets transferred, and the book value of the debts assumed shall be adjusted to the capital reserve; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted;

B. For the business combination under the same control, if the combining party issues the equity securities as the merger consideration, the share of the book value of the owner's equity in the final controlling party's consolidated financial statements on the combination date is the initial of the long-term equity investment. cost of investment. According to the total par value of the issued shares as the share capital, the difference between the initial investment cost of the long-term equity investment and the total par value of the shares issued, adjust the capital reserve; if the capital reserve is insufficient to offset, adjust the retained earnings;

C. For a business combination not under the same control, the fair value of the assets paid, the liabilities incurred or assumed, and the equity securities issued on the acquisition date to obtain control of the acquiree is determined as the combination cost as the long-term equity investment. Initial investment cost. Intermediary expenses such as audits, legal services, assessments, etc., and other related management expenses incurred by the combining party are included in the current profit and loss when incurred. 2 In addition to the long-term equity investment formed by

the business combination, the long-term equity investment obtained by other means shall be determined according to the following provisions:

A. The long-term equity investment obtained by paying cash is based on the actual purchase price as the investment cost. The initial investment cost includes expenses, taxes and other necessary expenses directly related to the acquisition of long-term equity investments;

B. The long-term equity investment obtained by issuing equity securities is based on the fair value of the issued equity securities as the initial investment cost;

C. Long-term equity investment obtained through non-monetary asset exchange, if the exchange has commercial substance and the fair value of the assets exchanged or exchanged assets can be reliably measured, the fair value of the assets exchanged and related taxes and fees are used as the initial investment cost, the difference between the fair value of the assets exchanged and the book value is included in the current profit and loss; if the non-monetary asset exchange does not have the above two conditions, the book value of the exchanged assets and related taxes are used as the initial investment cost.

D. For the long-term equity investment obtained through debt restructuring, the fair value of the acquired equity is taken as the initial investment cost, and the difference between the initial investment cost and the book value of the debt is included in the current profit and loss.

(3) Subsequent measurement and profit and loss confirmation method

The long-term equity investment that the company can control over the investee is accounted for using the cost method; the long-term equity investment of associates and joint ventures is accounted for using the equity method.

1 cost method

For long-term equity investments accounted for using the cost method, the cost of long-term equity investment is adjusted when the investment is added or recovered; the cash dividends or profits declared by the invested entity are recognized as current investment income.

2 equity method

For long-term equity investments accounted for under the equity method, the general accounting treatment is:

The investment cost of the long-term equity investment of the company is greater than the fair value of the identifiable net assets of the investee when investing, and the initial investment cost of the long-term equity investment is not adjusted; the initial investment cost of the long-term equity investment is less than the investee Where the fair value of the net assets is identifiable, the difference is included in the current profit and loss, and the cost of the long-term equity investment is adjusted.

The Company recognizes the investment income and other comprehensive income according to the share of net profit and loss and other comprehensive income realized by the investee that should be shared or should be shared, and adjusts the book value of the long-term equity investment; the company declares the distribution according to the investee. The portion of the profit or cash dividend calculation that should be enjoyed, correspondingly reduce the long-term equity

The book value of the investment; other changes in the owner's equity other than the net profit or loss, other comprehensive income and profit distribution of the invested entity, adjust the book value of the long-term equity investment and include it in the owner's equity. When confirming the share of the net profit or loss of the investee, the net profit of the investee is adjusted based on the fair value of the investee's identifiable net assets at the time of acquisition. If the accounting policies and accounting periods adopted by the invested entity are inconsistent with the Company, the financial statements of the invested entity shall be adjusted in accordance with the accounting policies and accounting periods of the Company, and the investment income and other comprehensive income shall be confirmed accordingly. The unrealized gains and losses from internal transactions between the Company and its associates and joint ventures are offset against the portion attributable to the Company in proportion to the share, and the investment gains and losses are recognized on this basis. If the unrealized internal transaction losses incurred by the Company and the investee are asset impairment losses, they shall be fully recognized.

If it is possible to exert significant influence on the investee or implement joint control due to additional investment, etc., but does not constitute control, the fair value of the equity investment originally held plus the sum of the new investment costs shall be deemed as the initial calculation based on the equity method. cost of investment. If the original equity investment is classified as an available-for-sale financial asset, the difference between the fair value and the book value, and the accumulated changes in fair value of the other comprehensive income should be transferred to the current profit and loss accounted for under the equity method.

If the joint control or significant influence on the investee is lost due to the disposal of part of the equity investment, etc., the remaining equity after disposal shall be measured at fair value, which shall be between the fair value and the book value on the date of loss of joint control or significant influence. The difference is included in the current profit and loss. The other comprehensive income recognized in the original equity investment using the equity method is accounted for on the same basis as the investee's direct disposal of related assets or liabilities when the equity method is terminated.

15. Investment real estate

Investment real estate measurement mode cost method measurement depreciation or amortization method

(1) Classification of investment real estate

Investment property refers to real estate held for the purpose of earning rent or capital appreciation, or both. mainly includes:

1 Land use rights that have been leased.

2 Land use rights that are held and prepared for transfer after appreciation.

3 buildings that have been rented out.

(2) Measurement model of investment real estate

The company uses the cost model to conduct subsequent measurement of investment real estate.

The Company calculates the depreciation or amortization based on the straight-line method after the investment property cost less accumulated impairment and net residual value. The type of investment property, the estimated economic life and the estimated net residual value rate respectively determine the depreciation period and annual depreciation. The rate is as follows:

| Category | Depreciation period (year) | Residual value rate (%) | Annual depreciation rate (%) |
|----------------------|----------------------------|-------------------------|------------------------------|
| Houses and Buildings | 20-40 | 5 | 4.75-2.38 |
| Land use rights | 50 | - | 2.00 |

16. Fixed assets (1) Confirmation conditions

Fixed assets are recognized at the actual cost at the time of acquisition when the following conditions are met: 1 The economic benefits associated with the fixed assets are likely to flow into the enterprise. 2 The cost of the fixed asset can be reliably measured. Subsequent expenditures of fixed assets are recognized in the fixed assets when they are recognized in the period in which the assets are recognized.

(2) Depreciation method

| Category | Depreciation method | Depreciation period | Residual value Rate | Annual depreciation rate |
|---------------------------------------|-----------------------|---------------------|---------------------|--------------------------|
| House and Building | Yearly Average Method | 20-40 | 5 | 4.75-2.38 |
| Production and Construction Equipment | Annual Average Method | 5-10 | 5 | 19.00-9.50 |
| Transportation Equipment | Annual Average Method | 5-8 | 5 | 9.00-11.88 |
| Office equipment | Annual average method | 3-5 | 5 | 31.67-19.00 |

For fixed assets that have been withdrawn for impairment, the provision for impairment of fixed assets is deducted when depreciation is provided. At the end of each year, the company reviews the useful life, estimated net residual value and depreciation method of fixed assets. If the estimated service life is different from the original estimate, adjust the service life of the fixed assets.

(3) Recognition basis, valuation and depreciation method for financing leased fixed assets

When the leased fixed assets transfer substantially all the risks and rewards related to the assets, the company confirms that the lease of the fixed assets is a finance lease. The cost of fixed assets acquired from finance leases is determined by the lower of the fair value of the leased assets on the lease start date and the present value of the minimum lease payments. The fixed assets

financed by the lease are depreciated using the depreciation policy consistent with the self-owned fixed assets. If it is reasonable to determine that the leased asset will be acquired at the expiration of the lease term, the depreciation shall be made within the useful life of the leased asset; if it is not possible to reasonably determine the ownership of the leased asset at the expiration of the lease term, both the lease term and the useful life of the leased asset Depreciation is provided for a shorter period of time.

17. Construction in progress

Does the company need to comply with the disclosure requirements of specific industries?

(1) Construction in progress is accounted for by project classification.

(2) Standards and time points for the construction in progress to be carried over to fixed assets

The total amount of expenditure incurred by the construction in progress before the construction of the asset reaches the expected usable status is recorded as the value of the fixed assets. Including construction costs, original equipment prices, other necessary expenses incurred to bring the construction in progress to the expected usable condition, and borrowing costs and general borrowings incurred for the project to borrow specifically before the assets are ready for their intended use. Borrowing costs. The company transfers the construction in progress to fixed assets when the project is installed or constructed to the expected usable condition. The fixed assets constructed that have reached the intended usable condition but have not yet been completed and finalized shall be transferred to the fixed assets at the estimated value according to the project budget, the cost or the actual cost of the project, from the date of reaching the intended usable state, and Depreciation of fixed assets shall be accrued according to the depreciation policy of fixed assets of the Company. After the completion of final accounts, the original provisional valuation will be adjusted according to the actual cost, but the depreciation amount already provided will not be adjusted.

18. Borrowing costs

(1) Recognition principle and capitalization period of capitalization of borrowing costs

The borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of assets eligible for capitalization are capitalized into the relevant

Asset cost:

1 Asset expenditure has occurred; 2 borrowing costs have occurred; 3 the acquisition, construction or production activities necessary to bring the assets to the intended usable state have begun. Other interest on borrowings, discounts or premiums and exchange differences are recognised in profit or loss in the period in which they are incurred. Capitalization of borrowing costs is suspended if the assets eligible for capitalization are interrupted abnormally during the acquisition, construction or production process and the interruption period lasts for more than 3 months. When the acquisition, construction, or production of an asset that meets the

capitalization conditions is ready for its intended use or sale, the capitalization of its borrowing costs is ceased; the borrowing costs incurred in the future are recognised as an expense in the period in which it is incurred.

(2) Calculation method of capitalization rate of borrowing costs and capitalization amount

In the case of borrowing or borrowing special borrowings for the acquisition, construction or production of assets eligible for capitalization, the interest expenses actually incurred in the current period of special borrowings, minus the interest income from the unused borrowing funds deposited into the bank or the investment obtained through temporary investment. The amount after the income is determined as the capitalized amount of the interest expense of the special loan.

Where the acquisition, construction or production of assets eligible for capitalization occupies general borrowings, the amount of interest that should be capitalized for general borrowings is multiplied by the weighted average of the accumulated expenditures of assets exceeding the special borrowings by the capitalization rate of the general borrowings used. Calculate the amount of interest that should be capitalized for general borrowings. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

19. Biological assets 20, oil and gas assets 21, intangible assets

(1) Valuation method, service life, impairment test

1 Valuation method of intangible assets

It is accounted for at the actual cost at the time of acquisition.

2 intangible assets longevity and amortization

A. Estimated service life of intangible assets with limited service life:

Project estimated service life

Land use rights 50 years legal use rights

computer software

- Determine the service life by reference to the period in which the company can bring economic benefits

At the end of each year, the company reviews the useful life and amortization method of intangible assets with a limited useful life. After review, the useful life and amortization method of intangible assets at the end of the period are not different from previous estimates.

B. If it is unforeseen that the intangible assets will bring economic benefits to the enterprise, it shall be regarded as an intangible asset with an indefinite useful life. For intangible assets with uncertain service life, the company reviews the service life of intangible assets with uncertain service life at the end of each year. If it is still uncertain after re-review, it will conduct impairment test on the balance sheet date.

C. Amortization of intangible assets

For intangible assets with a finite useful life, the Company determines its useful life when it is acquired. It is amortized using the straight-line method within the useful lives. The amortisation amount is recognised in profit or loss in profit or loss. The specific amortization amount is the amount after deducting the estimated residual value from its cost. The intangible assets that have been withdrawn for impairment provision shall also be deducted from the accumulated amount of impairment provision for intangible assets that have been accrued, with a residual value of zero. Except in the following cases: a third party undertakes to purchase the intangible asset at the end of its useful life or may obtain estimated residual value information based on the active market, and the market is likely to exist at the end of the useful life of the intangible asset.

Intangible assets with an indefinite useful life are not amortized. At the end of each year, the useful life of intangible assets with uncertain service life is reviewed. If there is evidence that the useful life of intangible assets is limited, the service life is estimated and the system is reasonably amortized within the estimated useful life.

(2) Internal research and development expenditure accounting policy

1 divide the specific criteria for the research phase and development phase of internal research and development projects

A. The Company will use the information and related preparatory activities for further development activities as the research stage. The expenditures of the intangible assets research phase will be included in the current profit and loss when incurred.

B. Development activities carried out after the company has completed the research phase as a development stage.

2 Specific conditions for capitalization of expenditure during the development phase

Intangible assets can only be recognized when the development phase expenditures meet the following conditions:

A. It is technically feasible to complete the intangible asset to enable it to be used or sold;

B. has the intent to complete the intangible asset and use or sell it;

C. The way in which intangible assets generate economic benefits, including the ability to prove that the products produced using the intangible assets exist in the market or the intangible assets exist in the market, and the intangible assets will be used internally to prove their usefulness;

D. There is sufficient technical, financial and other resources to support the development of the intangible assets and the ability to use or sell the intangible assets;

E. Expenditure attributable to the development phase of the intangible asset can be reliably measured.

22. Long-term asset impairment

(1) Long-term equity investment impairment test method and accounting treatment method

The Company conducts item-by-item inspection of long-term equity investments on the balance sheet date, and judges whether there is any indication of impairment of long-term equity investments according to various changes in the operating policies, legal environment, market demand, industry and profitability of the invested company. When the recoverable amount of the long-term equity investment is lower than the book value, the difference between the recoverable amount and the book value of the long-term equity investment is depreciated as the provision for impairment of the long-term equity investment. Once the asset impairment loss is confirmed, it will not be transferred back in the future accounting period.

(2) Impairment test method and accounting treatment method for fixed assets

The Company judges each fixed asset on the balance sheet date. When there is any indication of impairment, the estimated recoverable amount is less than its carrying amount, the carrying amount is reduced to the recoverable amount, and the amount of write-down is recognized as asset impairment. The loss is included in the current profit and loss, and the corresponding asset impairment provision is made. Once the asset impairment loss is confirmed, it will not be transferred back in the future accounting period. When there are the following signs, the full amount of impairment provision is made based on the fixed assets individual project:

1 Fixed assets that are not used for a long time, will not be used again in the foreseeable future, and have no transfer value;

2 Fixed assets that are no longer usable due to technological advancement;

3 Although fixed assets are still available, but after use, a large number of non-conforming products are fixed assets;

4 has been damaged so that it no longer has a fixed value of use value and transfer value;

5 Other fixed assets that are virtually no longer able to bring economic benefits to the company.

(3) Impairment test method and accounting treatment method for construction in progress

The Company conducts a comprehensive inspection of the construction in progress on the balance sheet date. If there is evidence that the construction in progress has been impaired and the estimated recoverable amount is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The amount of the asset is recognized as an asset impairment loss, which is included in the current profit and loss, and the corresponding asset impairment provision is made. Once the asset impairment loss is confirmed, it will not be transferred back in

the future accounting period. Impairment test for construction in progress if one or more of the following conditions exist:

- 1 Construction in progress that has been suspended for a long time and is not expected to restart in the next three years;
- 2 The projects built are backward in terms of performance and technology, and the economic benefits brought to the enterprise are highly uncertain;
- 3 Other circumstances are sufficient to prove that the construction in progress has been impaired.

(4) Intangible assets impairment test method and accounting treatment method

When the recoverable amount of the intangible asset is less than the carrying amount, the carrying amount of the asset is reduced to the recoverable amount. The amount of the write-down is recognized as the asset impairment loss, which is included in the current profit and loss, and the corresponding intangible assets are deducted. Value preparation. Once the impairment loss of intangible assets is confirmed, it will not be reversed in the subsequent accounting period. Impairment testing of intangible assets in the event of one or more of the following:

- 1 The intangible assets have been replaced by other new technologies, which have a material adverse effect on the ability of the enterprise to create economic benefits;
- 2 the market price of the intangible assets has fallen sharply in the current period and may not rise within the remaining years;
- 3 other Sufficient to indicate that the book value of the intangible asset has exceeded the recoverable amount.

(5) Goodwill impairment test

Goodwill arising from a business combination is tested for impairment at least at the end of each year. When the Company conducts impairment test on the relevant asset group or asset group combination containing goodwill, if there is any sign of impairment of the asset group or asset group combination related to goodwill, the following steps are taken:

First, the asset group or asset group combination that does not contain goodwill is tested for impairment, and the recoverable amount is calculated and compared with the book value of the relevant assets to confirm the corresponding impairment loss; then the asset group or asset group containing the goodwill This combination is tested for impairment, comparing the book value of these related asset groups or asset group combinations (including the book value portion of the assessed goodwill) and its recoverable amount, if the recoverable amount of the relevant asset group or asset group combination is lower than For its book value, the impairment loss is recognized as the difference. The amount of impairment loss is first deducted from the book value of the goodwill allocated to the asset group or asset group combination; and then proportional to the book value of the assets other than the goodwill in the asset group or asset group combination. Deduct the book value of other assets.

23. Long-term deferred expenses

The long-term deferred expenses account for all expenses that have occurred in the company but should be borne by the current and future periods with amortization period of more than one year.

The Company's long-term deferred expenses are amortized evenly over the beneficial period. The amortization period of each expense is as follows:

Project amortization period

Fixed assets improvement lease leased by operating lease method

24. Employee compensation

(1) Accounting treatment method for short-term compensation

1 Basic salary of employees (salary, bonus, allowance, subsidy)

During the accounting period in which employees provide services, the Company recognizes the actual short-term remuneration as a liability and recognises it in profit or loss. Other accounting standards require or allow for inclusion in asset costs.

2 Employee benefits The employee benefits incurred by the Company are included in the current profits and losses or related asset costs based on the actual amount incurred when incurred. If the employee welfare fee is non-monetary benefit, it shall be measured at fair value.

3 Social insurance premiums, work injury insurance premiums, maternity insurance premiums and other social insurance premiums and housing provident fund, as well as labor union funds and employee education funds. The company provides social insurance premiums and housing for medical insurance premiums, work injury insurance premiums, maternity insurance premiums, etc. The provident fund, as well as the labor union funds and employee education funds drawn according to the regulations, shall determine the corresponding employee compensation amount according to the prescribed accrual basis and the accrual ratio during the accounting period in which the employee provides services, and confirm the corresponding liabilities, which are included in the current period. Profit or loss or related asset costs.

4 Short-term paid absences The Company recognizes the employee benefits related to the accumulation of paid absences when the employees provide services to increase their future paid absentee rights, and the expected payment amount is increased by accumulating unexercised rights. The Company recognizes employee benefits related to non-cumulative paid absences during the accounting period in which employees actually absent.

5 The short-term profit sharing plan profit sharing plan meets the following conditions at the same time, the company confirms the relevant payroll payable:

A. The enterprise has a statutory obligation or a definitive obligation to pay employee compensation due to past events; B. The amount of employee compensation payable due to the profit sharing plan can be reliably estimated.

(2) Accounting treatment of post-employment benefits

1 Set up the deposit plan During the accounting period in which the employees provide services, the company recognizes the payable amount calculated according to the defined contribution plan as a liability and accounts for the current profit and loss or related asset costs.

According to the defined contribution plan, it is expected that the entire amount of the deposit due will not be paid within 12 months after the end of the annual reporting period in which the employee provides the relevant services. The company refers to the corresponding discount rate (based on the balance sheet date and setting The time limit for the retention plan is determined by the market yield of the treasury bonds matching the currency or the high-quality corporate bonds in the active market. All the payable amounts are measured at the discounted amount.

2 set benefit plan

A. Determine the present value of the defined benefit plan obligation and the current service cost

According to the expected cumulative welfare unit method, the unbiased and consistent actuarial assumptions are used to estimate the relevant demographic variables and financial variables, measure the obligations arising from the defined benefit plan, and determine the attribution period of the relevant obligations. The company will set the benefit plan according to the corresponding discount rate (determined according to the market yield of the national debts in the balance sheet date and the currency of the defined benefit plan or the high-quality corporate bonds in the active market). The obligation is discounted to determine the present value of the defined benefit plan obligation and the current service cost.

B. Confirm the net debt or net assets of the defined benefit plan

If there are assets in the defined benefit plan, the company will recognize the current value of the defined benefit plan obligation minus the deficit or surplus formed by the fair value of the defined benefit plan assets as a defined benefit plan net debt or net assets.

If there is a surplus in the defined benefit plan, the Company measures the net assets of the defined benefit plan by the lower of the surplus and the asset cap of the defined benefit plan.

C. Determine the amount that should be included in the cost of assets or current profit and loss

Service costs, including current service costs, past service costs, and settlement gains or losses. Other service costs are included in the current profit and loss, except for other current accounting standards that require or allow the current service costs to be included in the cost of assets.

The net interest on the net liabilities or net assets of the defined benefit plan, including the interest income of the planned assets, the interest expense of the defined benefit plan obligations, and the impact of the asset cap

The interest is charged to the current profit and loss.

D. Determine the amount that should be included in other comprehensive income. Re-measure the changes in the net liabilities or net assets of the defined benefit plan, including:

(a) actuarial gains or losses, ie the increase or decrease in the present value of the previously defined defined benefit plan obligation as a result of actuarial assumptions and experience adjustments; (b) the return on the planned assets, net of the net liabilities or net included in the defined benefit plan The amount in the net interest of the asset; (c) the change in the impact of the asset cap, net of the amount of net interest included in the net benefit or net assets of the defined benefit plan. The above changes in the net liabilities or net assets of the defined benefit plan are directly included in other comprehensive income, and are not allowed to be transferred back to profit or loss in subsequent accounting periods, but the company can transfer these in other comprehensive income within the scope of equity. The amount confirmed.

(3) Accounting treatment of dismissal benefits

If the Company provides termination benefits to employees, the employee compensation liabilities arising from the termination benefits will be recognized as soon as possible, and will be included in the current profit and loss:

Service costs, including current service costs, past service costs, and settlement gains or losses. Other service costs are included in the current profit and loss, except for other current accounting standards that require or allow the current service costs to be included in the cost of assets.

The net interest on the net liabilities or net assets of the defined benefit plan, including the interest income of the planned assets, the interest expense of the defined benefit plan obligations, and the impact of the asset cap

The interest is charged to the current profit and loss.

D. Determine the amount that should be included in other comprehensive income. Re-measure the changes in the net liabilities or net assets of the defined benefit plan, including:

(a) actuarial gains or losses, ie the increase or decrease in the present value of the previously defined defined benefit plan obligation as a result of actuarial assumptions and experience adjustments; (b) the return on the planned assets, net of the net liabilities or net included in the defined benefit plan The amount in the net interest of the asset; (c) the change in the impact of the asset cap, net of the amount of net interest included in the net benefit or net assets of the defined benefit plan. The above changes in the net liabilities or net assets of the defined benefit plan are directly included in other comprehensive income, and are not allowed to be transferred back to profit or loss in subsequent accounting periods, but the company can transfer these in other comprehensive income within the scope of equity. The amount confirmed.

(3) Accounting treatment of dismissal benefits

If the Company provides termination benefits to employees, the employee compensation liabilities arising from the termination benefits will be recognized as soon as possible, and will be included in the current profit and loss:

1 The enterprise cannot unilaterally withdraw the dismissal benefits provided by the termination of the labor relationship plan or the reduction proposal; 2 when the enterprise confirms the costs or expenses related to the reorganization involving the payment of the dismissal benefits. If the dismissal benefit is not expected to be fully paid within 12 months after the end of the annual reporting period, refer to the corresponding discount rate (based on the balance sheet date and the defined benefit plan period and currency matching treasury bonds or active market The market yield of high-quality corporate bonds is determined.) The amount of the dismissal benefits is discounted, and the employee's remuneration is measured at the discounted amount.

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

1 If the other long-term employee benefits provided by the Company to the employees in accordance with the conditions of the defined contribution plan meet the conditions of the defined contribution plan, the total amount payable shall be measured at the discounted amount.

2 At the end of the reporting period, the Company recognizes the employee compensation costs arising from other long-term employee benefits as the following components:

A. Service cost; B. Net interest on net liabilities or net assets of other long-term employee benefits; C. Re-measurement of changes in net liabilities or net assets of other long-term employee benefits. In order to simplify related accounting treatment, the total net amount of the above projects is included in the current profit and loss or related asset costs.

25. Estimated liabilities

(1) Confirmation criteria for estimated liabilities

If the obligations related to the contingent events meet the following conditions, the company will recognize them as estimated liabilities:

1 The obligation is the current obligation of the company; 2 the performance of the obligation is likely to cause economic benefits to flow out of the company; 3 the amount of the obligation can be reliably measured.

(2) Measurement method of estimated liabilities

Estimated liabilities are initially measured in accordance with the best estimate of the expenditure required to perform the relevant current obligations, taking into account factors such as risks, uncertainties and time value of money associated with the event. The book value of the estimated liabilities is reviewed on each balance sheet date. If there is conclusive evidence that the book value does not reflect the current best estimate, the book value will be adjusted

according to the current best estimate.

26. Share-based payment

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

28. Income

Does the company need to comply with the disclosure requirements of specific industries?

(1) Sales of goods revenue

The company has transferred the main risks and rewards of ownership of the goods to the purchaser; the company neither retains the continuation of management rights associated with ownership, nor does it exercise effective control over the goods sold; the amount of income can be reliably measured; The economic benefits are likely to flow into the enterprise; when the relevant costs that have occurred or will occur can be reliably measured, the realization of the sales revenue of the goods is confirmed.

(2) Providing labor income

If the results of the labor service transactions on the balance sheet date can be reliably estimated, the labor income will be recognized by the percentage of completion method. The completion schedule of the labor service transaction is determined based on the measurement of the completed work.

The results of providing labor service transactions can be reliably estimated to mean that: A, the amount of income can be reliably measured; B, the relevant economic benefits are likely to flow into the enterprise; C, the completion degree of the transaction can be reliably determined; D, the transaction has been The costs incurred and to be incurred can be reliably measured.

The company determines the total amount of labor service income according to the contract or agreement price received or receivable, except that the contract or agreement price received or receivable is not fair. On the balance sheet date, the total amount of labor service income is multiplied by the completion progress, after deducting the accumulated labor income from the previous accounting period, and the labor income is recognized. At the same time, the estimated total cost of the labor service is multiplied by the completion progress minus the accumulated accounting period. The amount after the labor cost has been confirmed, and the current labor cost is carried forward.

If the results of labor service transactions on the balance sheet date cannot be reliably estimated, they shall be dealt with as follows:

1 If the labor costs incurred have been estimated to be compensated, the labor service income is recognized according to the amount of labor costs incurred, and the labor costs are carried forward at the same amount.

2 If the labor costs incurred have not been compensated, the labor costs incurred will be included in the current profit and loss, and the income from the provision of labor services will not be recognized.

The income from labor services such as academic education and related training programs provided by the company is recognized as the income from labor services provided by the level of education services provided.

(3) Income from the transfer of asset use rights

The economic benefits associated with the transaction are likely to flow into the enterprise. When the amount of income can be reliably measured, the amount of income from the transfer of the right to use the asset is determined in the following cases:

1 The amount of interest income shall be calculated and determined according to the time and actual interest rate of the use of the company's monetary funds by others.

2 The amount of royalty income shall be calculated and determined according to the time and method of charging as stipulated in the relevant contract or agreement.

The rental income of real estate such as the company's housing is determined according to the charging period stipulated in the relevant contract or agreement.

29. Government subsidies

(1) Confirmation of government subsidies

Government subsidies can only be confirmed if they meet the following conditions:

1 The company can meet the conditions attached to the government subsidy; 2 the company can receive government subsidies.

(2) Measurement of government subsidies

If the government subsidy is a monetary asset, it is measured at the amount received or receivable. If a government subsidy is a non-monetary asset, it is measured at fair value; if the fair value cannot be obtained reliably, it is measured at the nominal amount.

(3) Accounting treatment of government subsidies

1 Government subsidies related to assets

Government grants acquired by the company for the purpose of purchasing or constructing or otherwise forming long-term assets are classified as government grants related to assets. The government grants related to assets are recognized as deferred income and are included in profit

or loss in a reasonable and systematic manner over the useful life of the relevant assets. Government grants measured at nominal amounts are recognised directly in profit or loss. If the relevant assets are sold, transferred, scrapped or damaged before the end of their useful lives, the balance of the relevant deferred income that has not been allocated shall be transferred to the profit and loss of the current period of disposal of the assets.

2 government subsidies related to income

Government grants other than government grants related to assets are classified as government grants related to income. The government subsidies related to income are accounted for according to the following provisions:

If it is used to compensate the related costs or losses of the Company in the future period, it is recognized as deferred income, and is included in the current profit and loss in the period in which the related costs or losses are recognized;

If it is used to compensate the related costs or losses incurred by the Company, it shall be directly included in the current profit and loss.

For government subsidies that include both asset-related and income-related components, different parts are separately accounted for; if it is difficult to distinguish, the whole is classified as a government subsidy related to income.

Government grants related to the daily activities of the company are included in other income in accordance with the economic business. Government grants not related to the daily activities of the company are included in the non-operating income and expenditure.

3 policy concessional loan discount

The government will allocate the interest subsidy funds to the loan bank. If the loan bank provides loans to the company at a policy preferential interest rate, the actual amount of the borrowed money will be used as the book value of the loan, and the relevant loan will be calculated according to the loan principal and the policy preferential interest rate. cost.

The finance will directly distribute the discounted funds to the company, and the company will offset the relevant borrowing costs.

4 government subsidies returned

When the confirmed government subsidy needs to be returned, the book value of the relevant assets is written off at the initial recognition, and the book value of the asset is adjusted. If there is a balance of related deferred income, the book balance of related deferred income is written off, and the excess is included in the current profit and loss; In other cases, it is directly included in the current profit and loss.

30. Deferred income tax assets / deferred income tax liabilities

The company usually uses the balance sheet liability method to be taxable based on the temporary difference between the book value of the assets and liabilities on the balance sheet date and the tax base.

The temporary difference or the deductible temporary difference affects the income tax and recognizes the deferred income tax liabilities or deferred income tax assets. The Company does not discount the deferred income tax assets and deferred income tax liabilities.

(1) Confirmation of deferred income tax assets

For the deductible temporary difference, the impact on the income tax is calculated based on the income tax rate of the expected reversal period, and the impact amount is recognized as deferred income tax assets, but it is likely to be deductible for deductible by the company. Temporary differences, deductible losses and future taxable income for tax credits are limited.

The impact of the deductible temporary difference arising from the initial recognition of assets or liabilities in the transactions or events with the following characteristics is not recognized as deferred income tax assets:

- A. The transaction is not a business combination;
- B. The transaction does not affect the accounting profit or the taxable income (or deductible loss).

The Company's deductible temporary differences relating to investments in subsidiaries, associates and joint ventures, and the following two conditions, the amount of impact on income tax can only be recognized as deferred income tax assets:

- A. Temporary differences are likely to be reversed in the foreseeable future;
- B. It is likely that in the future, the amount of taxable income used to offset the deductible temporary difference will be obtained;

On the balance sheet date, if there is conclusive evidence that it is probable that sufficient taxable income will be available in the future to deduct the deductible temporary differences, the deferred income tax assets not recognized in previous periods are recognised.

On the balance sheet date, the Company reviews the book value of deferred income tax assets. If it is probable that sufficient taxable income will not be available in the future to offset the benefits of deferred tax assets, the carrying amount of deferred tax assets is reduced. When it is probable that sufficient taxable income will be obtained, the amount of the write-down will be reversed.

(2) Confirmation of deferred income tax liabilities

All of the taxable temporary differences of the Company are measured at the income tax rate of the estimated reversal period, and the impact is recognized as deferred income tax liabilities, except in the following cases:

1 The effect of taxable temporary differences arising from the following transactions or events on income tax is not recognized as deferred income tax liabilities:

- A. Initial confirmation of goodwill;
- B. Initial recognition of an asset or liability arising from a transaction characterized by a transaction that is not a business combination and that does not affect accounting profits or taxable income or deductible losses when the transaction occurs.

2 The Company's taxable temporary differences related to investments in subsidiaries, joint ventures and associates are generally recognized as deferred income tax liabilities, except for the following two conditions:

- A. The company can control the time when temporary differences are reversed;
- B. This temporary difference is likely to not be reversed in the foreseeable future.

(3) Confirmation of deferred income tax liabilities or assets involved in a specific transaction or event

1 Deferred income tax liabilities or assets related to business combinations

The taxable temporary difference or deductible temporary difference arising from a business combination not under the same control, the related deferred income tax expense (or income), Goodwill recognized in the middle.

2 Items directly included in the owner's equity

Current income tax and deferred income tax related to transactions or events that are directly recognized in owners' equity are recognized in owners' equity. The transaction or event that affects the income tax in the owner's equity includes: other comprehensive income formed by changes in the fair value of available-for-sale financial assets, and changes in accounting policies using retrospective adjustment

Or the correction of the difference between the previous (important) accounting errors and the retrospective restatement method. The mixed financial instruments that include the retained assets and the equity components are included in the owner's equity at initial recognition.

3 can make up for losses and tax credits A. The company can make up for its own operations and the tax deductible losses can be offset by the taxable income in the subsequent years. For unrepaid losses (deductible losses) and tax credits that can be carried forward in the subsequent years in accordance with the tax law, they are treated as deductible temporary differences. When it is probable that sufficient taxable income will be obtained in the future period in which the recoverable loss or tax credit is expected to be utilized, the corresponding deferred income tax assets will be recognized to the extent that the taxable income is likely to be obtained. Income tax expense in the income statement.

B. Unrecoverable losses of compensable companies formed due to business combination In the business combination, the company obtains the deductible temporary difference of the purchased party and does not meet the conditions for confirming the deferred income tax assets on the purchase date. Not confirmed. Within 12 months after the purchase date, if new or further information is obtained indicating that the relevant circumstances of the purchase date already exist, it is expected that the economic benefits of the temporary difference can be realized by the purchaser on the purchase date, and the relevant delivery is confirmed. Deferred income tax assets related to a business combination are recognized in profit or loss for the current period except for the above-mentioned circumstances.

4 Temporary differences arising from the combination of offsetting When the Company prepares the consolidated financial statements, it offsets the unrealized internal sales gains and losses, resulting in the book value of the assets and liabilities in the consolidated balance sheet and its tax base of the taxpayer. For temporary differences, the deferred income tax assets or deferred income tax liabilities are recognized in the consolidated balance sheet, and the income tax expense in the consolidated income statement is adjusted, but related to the transactions or events and business combinations directly included in the owner's equity. Excluding the income tax.

5 Equity-settled share-based payment If the tax law stipulates that the expenses related to the share-based payment are allowed to be deducted before tax, the company calculates the amount of the pre-tax deductible based on the information obtained at the end of the accounting period. The tax base and the resulting temporary differences are recognized in the context of the recognition of the relevant deferred income tax. It is estimated that the amount of pre-tax

deduction in the future period exceeds the cost related to the share-based payment recognized in accordance with the accounting standards. The excess income tax impact should be directly included in the owner's equity.

31. Lease

(1) Accounting treatment method for operating lease

When the Company is the lessee of the operating lease, the rental expenses of the operating leases are recognised in profit or loss in the period in which the lease is used. If the lessor provides a rent-free period, the company will allocate the total rent to the entire lease term without deduction of the rent-free period, on a straight-line basis or other reasonable method, and recognize the rental expenses and corresponding liabilities during the rent-free period. If the lessor bears certain expenses of the lessee, the balance of the rental expenses deducted by the company from the total rental expenses shall be apportioned during the lease term.

The initial direct costs are included in the current profit and loss. If the agreement stipulates or has a rent, it is included in the current profit and loss when it actually occurs.

2 When the Company acts as the lessor of the operating lease, the rental received is recognized as income over the lease term using the straight-line method. If the lessor provides a rent-free period, the lessor will allocate the total rent to the entire lease term without deduction of the rent-free period, by straight-line method or other reasonable method. The lessor also confirms the rental income during the rent-free period. If the lessee bears certain expenses, the balance of the rental income after the company deducts the total rental income from the expenses shall be distributed during the lease term.

The initial direct costs are included in the current profit and loss. Capitalization of a large amount is included in the current profit and loss in the same period of the entire operating lease period on the same basis as the recognized rental income. If the agreement stipulates or has a rent, it is included in the current income when it actually occurs.

(2) Accounting treatment of financial leasing

1 When the company acts as the financial lease lessee, on the start date of the lease period, the lower of the fair value of the leased asset on the lease start date and the present value of the minimum lease payment is used as the book value of the leased asset, and the minimum lease payment will be recorded as the recorded value of long-term payables, the difference is treated as unrecognized financing expenses. During the lease term, the actual interest rate method is used for apportionment in each period, which is recognized as the current financing expenses and included in the financial expenses.

The initial direct costs incurred are included in the value of the leased asset.

When depreciating the finance lease assets, the company adopts a depreciation policy consistent with its own depreciable assets, and the depreciation period is determined by the lease contract. If it is reasonable to determine that the company will acquire ownership of the leased asset at the end of the lease term, the life of the leased asset at the beginning of the lease period is used as the depreciation period.

If it is not reasonable to determine whether the company can obtain ownership of the leased assets after the expiration of the lease term, the shorter of the lease term and the leased asset life is used as the depreciation period.

2 When the Company acts as the lessor of the finance lease, the sum of the minimum lease receivable amount and the initial direct expense on the lease beginning date is the book value of the finance lease receivables, which is included in the long-term receivables of the balance sheet.

And record the unguaranteed residual value; the difference between the sum of the minimum lease receivable amount, the initial direct expense and the unguaranteed residual value and its present value is regarded as the unrealized financing income, and the actual interest rate method is adopted in each period of the lease term. It is recognized as rental income and is included in rental income/business income.

32. Other important accounting policies and accounting estimates

33. Changes in important accounting policies and accounting estimates

(1) Changes in important accounting policies

Applicable Not applicable

Contents and causes of changes in accounting policies Approval procedures Remarks

Wherein in June 乡村 82, the Ministry of Finance 不管 issued the "Accounting No. conjunction 放在 wherein: Field parameter 强: "Account 放在 treatment under the equity parameter", rasterization Immunography No. 10 - Depreciation based discovered on income from the use of fixed assets Methodology, "Accounting Standards for Business Accounts Interpretation No. 11—Amortization Method Based on Income from the Use of Intangible Assets" and "Accounting Standards for Business Accounting No. 12—Whether the Providers and Recipients of Key Manager Services are Four explanations, such as related parties, the company explained the above explanation from January 1, 2018.

According to the "Notice on Amending the 2018 Annual General Financial Statement Format" issued by the Ministry of Finance on June 15, 2018 (Accounting [2018] No. 15), enterprises that have not yet implemented the new financial standards and new income standards should Provision of financial statements:

In the balance sheet, "receivable notes" and "accounts receivable" are merged into the new "receivable notes and accounts receivable" items; "dividends receivable" and "interest receivable" are merged into "others". "Receivables" project; merge "fixed assets cleanup" into "fixed assets" project; merge "engineering materials" into "construction in progress" project; merge "payable bills" and "payables" to new ones "Payables payables and accounts payable" item; merge "payable dividends" and "interest payables" into "other payables" items; merge "special payables" into "long-term payables" items.

In the income statement, the "R&D expenses" item is separated from the "administrative expenses" item, and the "interest expense" and "interest income" detailed items are split under the financial expense item.

The Company prepared the 2018 financial statements in accordance with the financial statement format specified in Accounting [2018] No. 15, and changed the presentation of relevant financial statements using the retrospective adjustment method. The related presentation adjustment effects are as follows:

Affected consolidated balance sheet and parent company balance sheet as of December 31, 2017
Project consolidated balance sheet parent company balance sheet

Before adjustment After adjustment After adjustment After adjustment

bill receivable - - - -

Accounts receivable 129,115.44 — — —

Notes receivable and accounts receivable — 129,115.44 —

Interest receivable 39,474.88 — — —

Dividends receivable — — —

Other receivables 1,531,272.72 1,570,747.60 2,566,097,696.88 2,566,097,696.88

Fixed assets 1,387,302,286.83 1,387,302,286.83 —

Fixed assets cleanup — — — —

Construction in progress - - - -

Engineer material - - - -

Notes payable 74,831,255.00 — 74,831,255.00 —

Accounts payable 409,007,621.48 — — —

Notes payable and accounts payable — 483,838,876.48 — 74,831,255.00

Interest payable 417,956.46 — 417,291.88 —

Dividend payable 425,485.61 — 425,485.61 —

Other payables 29,301,990.88 30,145,432.95 211,677.25 1,054,454.74

Long-term payables - - - -

Special payables — — — —

2017 consolidated consolidated income statement and parent company income statement

Project consolidated income statement parent company income statement

Before adjustment After adjustment After adjustment After adjustment

Administrative expenses 69,866,911.95 69,866,911.95 15,012,228.59 15,012,228.59

R&D expenses — — — —

(2) Changes in important accounting estimates

Applicable Not applicable

34, other

6. Taxes

1. Major taxes and tax rates

Tax type tax basis

VAT education service income, catering income, real estate rental income 6%, 10%

Urban maintenance and construction tax turnover tax 7%

Corporate income tax taxable income 25%

Education surcharge Circulation tax 5%

If there are different corporate income tax rate taxpayers, the disclosure

Taxpayer name income tax rate

Kevin International 16.5%

Princeton's federal tax rate is 21%; state tax is 8.7%

2. Tax incentives

According to the first paragraph (8) of Annex 3 of the “Notice of the Ministry of Finance and the State Administration of Taxation on the Piloting of the Reform of Business Tax to VAT”,

Finance and Taxation [2016] No. 36, Haidian Kevin, organized by the company’s subsidiary

Kevin Zhixin The school submitted the registration form for taxpayer tax reduction and

exemption to the First Taxation Office of the State Taxation Bureau of Haidian District, Beijing.

From September 1, 2017, the education service income will be exempted from VAT; the

company's subsidiary Wenkaixing held the Chaoyang Kevin School submitted the registration

form for taxpayer tax reduction and exemption to the Chaoyang District Taxation Bureau of

Beijing. From September 1, 2018, the income from education services is exempt from VAT.

3, other

Other taxes are calculated and paid according to relevant national and local regulations.

VII. Notes on consolidated financial statements

1. Monetary funds

unit: yuan

Project ending balance

Cash in stock 123,886.66 169,978.97

Bank deposits 445,215,705.54 77,104,673.43

Other monetary funds 51,371,507.59 87,791,620.16

Total 496,711,099.79 165,066,272.56

Of which: the total amount of money deposited abroad is 2,163,717.47 4,010,904.56

Other explanations (1) 51,371,507.59 yuan in other monetary funds is the guarantee deposit. In addition, there are no other restrictions on the use of mortgages, pledges or freezes in the monetary funds at the end of the period.

A system with potential recovery risks.

(2) At the end of the period, the monetary funds increased significantly compared with the beginning of the period, mainly due to the increase in the amount of tuition and miscellaneous fees received and the increase in bank borrowings.

2. Financial assets measured at fair value through profit or loss

unit: yuan

Project ending balance

other instructions:

3. Derivative financial assets

Applicable Not applicable

4. Notes receivable and accounts receivable

unit: yuan

Project ending balance

Accounts receivable 4,677,576.55 129,115.44

Total 4,677,576.55 129,115.44

(1) Notes receivable

1) Classification of notes receivable

unit: yuan

Project ending balance

2) Notes receivable that the company has pledged at the end of the period

unit: yuan

Item End of the deposit

3) Notes receivable that the company has endorsed or discounted and has not yet expired on the balance sheet date

unit: yuan

Project Ending confirmation amount at the end of the period

4) At the end of the period, the company transferred the notes to the accounts receivable due to the failure of the drawer to perform.

unit: yuan

Project transfer amount of accounts receivable at the end of the period

other instructions

(2) Accounts receivable

1) Disclosure of accounts receivable

unit: yuan

Category Ending balance Opening balance

Book balance bad debt provision book value book balance bad debt provision book value

Amount Proportion Amount Amount Amount Amount Proportion Amount Amount
Proportion
Accounts receivable for bad debt provision according to credit risk characteristics
combination 4,923,764.79 100.00% 246,188.24 5.00% 4,677,576.55 135,910.99 100.00%
6,795.55 5.00% 129,115.44
Total 4,923,764.79 100.00% 246,188.24 5.00% 4,677,576.55 135,910.99 100.00%
6,795.55 5.00% 129,115.44
Accounts receivable with significant single amount and single provision for bad debts at
the end of the period:
 Applicable Accounts receivable for bad debt provision by aging analysis in the non-
applicable portfolio:
 Applicable Not applicable
unit: yuan
Ageing
Accounts receivable bad debt provision
Within 1 year
Subtotal within 1 year 4,923,764.79 246,188.24 5.00%
Total 4,923,764.79 246,188.24 5.00%
Determine the description of the combination:
The age of the account is used as a credit risk feature.
In the portfolio, the accounts receivable for bad debt provision using the balance
percentage method:
 Applicable Accounts receivable for bad debt provision using other methods in the
non-applicable portfolio:
2) Provision for bad debts withdrawn, recovered or reversed in the current period The
amount of bad debt provision for the current period was RMB 239,392.69; the amount of
bad debt provision recovered or transferred back in the current period was RMB 0.00.
Among them, the amount of bad debts prepared for recovery or reversal in the current
period is important:
unit: yuan
Unit name Recover or transfer back amount
3) Accounts receivable actually written off during the period
unit: yuan
Project write-off amount
Among them, the important write-off of accounts receivable:
unit: yuan
Unit Name Nature of Accounts Receivable Verification amount Reason for write-off
Reason for write-off of performance Whether the money is generated by related party
transactions
Accounts receivable write-off instructions:
4) Accounts receivable of the top five balances at the closing balance of the arrears
Unit name Ending balance Accounts receivable ending balance and bad debt provision
Counting percentage (%) ending balance
Beijing Yawei Zhiguang Investment Management Co., Ltd. 3,729,238.40 75.74
186,461.92
Beijing Kaiwen Wing Examination Education Consulting Co., Ltd. 473,820.26 9.62

23,691.01

Beijing Jiayu Education Consulting Co., Ltd. 356,266.70 7.24 17,813.34

Guoxing Yude (Beijing) Education Technology Co., Ltd. 187,900.00 3.82 9,395.00

Fruit Education Information Technology (Beijing) Co., Ltd. 117,616.43 2.39 5,880.82

Total 4,864,841.79 98.81 243,242.09

5) Accounts receivable derecognised due to the transfer of financial assets 6) Transfer of accounts receivable and continue to involve the formation of assets, liabilities, other descriptions:

The balance of notes receivable and accounts receivable at the end of the period increased significantly compared with the beginning of the period, mainly due to the increase in the company's receivables for the current period.

5, prepayments

(1) Prepayments are listed by age

unit: yuan

Ageing ending balance

Amount ratio amount amount

Within 1 year 7,383,476.51 100.00% 50,347.16 100.00%

Total 7,383,476.51 -- 50,347.16 --

Description of reasons why the prepayments with an age greater than 1 year and the amount of money are not settled in time:

The company has no prepayments with a aging of more than one year and a significant amount.

(2) Advance payment of the top five balances of final balances by prepaid objects

Unit name Ending balance The proportion of the prepaid balance at the end of the balance (%)

Beijing Yifan Excellence Sports Culture Development Co., Ltd. 4,891,144.90 66.24

Ai Pu International Education Consulting (Beijing) Co., Ltd. 593,719.85 8.04

Beijing Gas Group Co., Ltd. 493,275.66 6.68

Yueyang City Chief Communications Service Co., Ltd. 150,000.00 2.03

Beijing Tianruijie Decoration Engineering Co., Ltd. 54,000.00 0.73

Total 6,182,140.41 83.72

other instructions:

The prepayments at the end of the period increased significantly compared with the beginning of the period, mainly due to the increase in prepaid course fees.

6. Other receivables

unit: yuan

Project ending balance

Interest receivable 28,588.00 39,474.88

Other receivables 1,838,556.56 1,531,272.72

Total 1,867,144.56 1,570,747.60

(1) Interest receivable

1) Interest classification

unit: yuan

Project ending balance

Interest on wealth management products 28,588.00 39,474.88

Total 28,588.00 39,474.88

2) Important overdue interest

unit: yuan

Borrower Unit Ending Balance Overdue Time Overdue Reason Whether the impairment occurred and its judgment basis

other instructions:

(2) Dividends receivable

1) Dividends receivable

unit: yuan

Project (or invested unit) ending balance

2) Important dividends receivable for more than one year

unit: yuan

Project (or invested entity) Ending balance Aging Reasons for unrecovered Whether impairment occurs and the basis for judgment

other instructions:

(3) Other receivables

1) Disclosure of other receivables

unit: yuan

Category Ending balance Opening balance

Book balance bad debt provision book value book balance bad debt provision book value

Amount Proportion Amount Amount Amount Proportion Amount Amount

Proportion

Other receivables for provision for bad debts based on credit risk characteristics combination 1,943,403.34 100.00% 104,846.78 5.40% 1,838,556.56 1,626,655.50

100.00% 95,382.78 5.86% 1,531,272.72

Total 1,943,403.34 100.00% 104,846.78 5.40% 1,838,556.56 1,626,655.50 100.00%

95,382.78 5.86% 1,531,272.72

Other receivables with significant single amount and single provision for bad debts at the end of the period:

 Applicable Other receivables for bad debt provision by aging analysis in the non-applicable portfolio: Applicable Not applicable

unit: yuan

Ageing

Other receivables, bad debt provision, accrual ratio

Within 1 year

Subtotal within 1 year 1,789,870.94 89,493.54 5.00%

1 to 2 years 153,532.40 15,353.24 10.00%

Total 1,943,403.34 104,846.78 5.40%

Determine the description of the combination:

The age of the account is used as a credit risk feature.

In the portfolio, other receivables for provision for bad debts are calculated using the balance percentage method:

 Applicable Other receivables for which bad debt provision is made by other methods in the non-applicable combination: Applicable Not applicable 2) Provision for bad debts withdrawn, recovered or reversed in the current period The provision for bad debts in the current period is RMB

150,464.00; the amount of bad debts is recovered or transferred back in the current period. Among them, the amount of bad debts prepared for the current period is important to be transferred back or recovered:

unit: yuan

Unit name Return or recovery amount

3) Other receivables actually written off during the period

unit: yuan

Project write-off amount

Other receivables actually written off 141,000.00

Among the important other receivables written off:

unit: yuan

Unit name The nature of other receivables Verification amount Reason for write-off

Reason for write-off of performance Whether the money is generated by related party transactions

Other receivables write-off instructions:

4) Other receivables are classified according to the nature of the payment

unit: yuan

Nature of the balance Book balance at the beginning of the period

Deposit and security deposit 788,540.00 378,980.00

Borrowing 372,036.40 33,000.00

Reserve gold 201,964.73 597,339.22

Other 580,862.21 617,336.28

Total 1,943,403.34 1,626,655.50

5) Other receivables of the top five ending balances according to the arrears

unit: yuan

Unit name The nature of the payment The ending balance The age of the total balance of other receivables at the end of the period Balance of bad debts

Yueyang City Chief Communications Service Co., Ltd. Rental deposit 300,000.00 Within 1 year 15.44% 15,000.00

Cui Xueying Borrowing 198,816.00 Within 1 year 10.23% 9,940.80

Shi Kexin Borrowing 173,220.40 Within 1 year 8.91% 8,661.02

Xu Zhiwen Rental deposit 78,840.00 1-2 years 4.06% 7,884.00

Guo Xin Reserve Gold 66,362.72 Within 1 year 3.41% 3,318.14

Total -- 817,239.12 -- 42.05% 44,803.96

6) Receivables involving government subsidies

unit: yuan

Unit Name Government Subsidy Project Name Ending Balance Final Period Aging Estimated Time, Amount and Basis

7) Other receivables that are derecognised due to the transfer of financial assets 8) Other notes on the amount of assets and liabilities that are transferred from other receivables and continue to be involved:

7. Inventory

Does the company need to comply with the disclosure requirements of the real estate industry?

(1) Inventory classification

unit: yuan

Project ending balance

Book balance Depreciation reserve Book value Book balance Depreciation reserve Book value

Stock goods 67,079.34 67,079.34 59,074.12 59,074.12

Total 67,079.34 67,079.34 59,074.12 59,074.12

Does the company need to comply with the disclosure requirements of the Shenzhen Stock Exchange Industry Information Disclosure Guide No. 4 - Listed Companies Engaged in Seed Industry and Planting Business? Does the company comply with the Shenzhen Stock Exchange Industry Information Disclosure Guide No. 11 - Listed Companies Engaged in Disclosure Requirements for Jewelry Related Businesses

(2) Inventory depreciation reserve

unit: yuan

Project opening balance Current period increase amount Current period reduction amount Ending balance

Accrual other return or resale

(3) Description of the ending balance of the inventory including the capitalization amount of the borrowing costs

(4) The completed unsettled assets formed by the construction contract at the end of the period

unit: yuan

Item Amount

other instructions:

8. Holding assets for sale

unit: yuan

Project Closing value at the end of the period Fair value Estimated disposal cost Estimated disposal time

other instructions:

9. Non-current assets due within one year

unit: yuan

Project ending balance

other instructions:

10. Other current assets

unit: yuan

Project ending balance

The amount of input tax to be deducted 153,966,811.09 113,933,970.19

Financing service fee 10,955,722.22

Bank wealth management products 8,000,000.00 12,361,300.00

Input tax to be certified 1,774,691.26 15,489,700.23

Deferred expenses 1,432,833.20 1,162,670.31

Prepaid income tax 1,194,037.13 810,726.22

Total 177,324,094.90 143,758,366.95

other instructions:

11. Available-for-sale financial assets

(1) Available-for-sale financial assets

unit: yuan

Project ending balance

Book balance Depreciation reserve Book value Book balance Depreciation reserve Book value

(2) Available-for-sale financial assets measured at fair value at the end of the period
unit: yuan

Available-for-sale financial assets classification Available-for-sale equity instruments
Available-for-sale debt instruments Total

(3) Available-for-sale financial assets measured at cost at the end of the period
unit: yuan

The investee's book balance, impairment provision, shareholding ratio of the invested
entity, current cash dividend

At the beginning of the period, the current period increases, the current period decreases,
the period ends, the current period increases, the current period decreases, and the period
ends.

(4) Changes in the impairment of available-for-sale financial assets during the reporting
period

unit: yuan

Available-for-sale financial assets classification Available-for-sale equity instruments
Available-for-sale debt instruments Total

(5) Relevant explanations of the fair value of the available-for-sale equity instruments at
the end of the period or the non-temporary decline but no provision for impairment

unit: yuan

Available-for-sale equity instrument project Investment cost Final fair value Fair value of
fair value relative to cost Continuous decline time (month) Amount of impairment has
been accrued

other instructions

12. Held-to-maturity investments

(1) Held-to-maturity investment

unit: yuan

Project ending balance

Book balance Depreciation reserve Book value Book balance Depreciation reserve Book
value

(2) Important held-to-maturity investments at the end of the period
unit: yuan

Bond item face value coupon rate real interest rate maturity date

(3) Held-to-maturity investments reclassified in the current period
other instructions

13. Long-term receivables

(1) Long-term receivables

unit: yuan

Project closing balance opening balance discount rate interval

Book balance bad debt provision book value book balance bad debt provision book value

(2) Long-term receivables that are derecognised due to the transfer of financial assets

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

other instructions

14. Long-term equity investment

unit: yuan

The initial balance of the investee, the increase and decrease of the current period, the ending balance, the ending balance of the impairment provision
 Additional investment Reduced investment Investment gains and losses recognized under equity method Other comprehensive income adjustment Other equity changes Announce cash dividends or profits Provision for impairment losses Others

I. Joint venture

Aidi Jiayin 200,861.5 200,000.0 -861.58

Education Technology (Beijing) Co., Ltd. 8 0

Subtotal 200,861.58 200,000.00 -861.58

Second, joint ventures

Total 200,861.58 200,000.00 -861.58

Other explanations In September 2017, the company's controlling subsidiary Kevin Ruixin and natural person Yu Wenjing jointly invested in the establishment of Aidi Jiayin Education Technology (Beijing) Co., Ltd., with a registered capital of RMB 1.0 million, of which Kevin Ruixin subscribed for 40.00 yuan. Ten thousand yuan, the shareholding ratio is 40.00%. The long-term equity investment at the end of the period decreased from the beginning of the period, mainly due to the transfer of equity of the investment unit accounted for by the company through the equity method.

15. Investment real estate

(1) Investment real estate adopting cost measurement mode

Applicable Not applicable

unit: yuan

Project Housing, Buildings Land Use Rights Construction in Progress Total

First, the original value of the book

Opening balance

2. Increase in the current period 323,067,347.37 323,067,347.37

(1) Outsourcing

(2) Inventories\Fixed assets\Construction in progress transferred to 323,067,347.37

323,067,347.37

(3) Increase in business combination

3. Current amount reduction

(1) Disposal

(2) Other transfer

4. Ending balance 323,067,347.37 323,067,347.37

Second, accumulated depreciation and accumulated amortization

Opening balance

2. Increase in the current period 4,826,650.69 4,826,650.69

(1) Withdrawal or amortization 4,826,650.69 4,826,650.69

3. Current amount reduction

(1) Disposal

(2) Other transfer

4. Ending balance 4,826,650.69 4,826,650.69

Third, the impairment provision

Opening balance

2. Increase in the current period

(1) Provision

3. The amount of reduction in the current period

(1) Disposal

(2) Other transfer

4. Ending balance

Fourth, the book value

1. Book value at the end of the period 318,240,696.68 318,240,696.68

2. Book value at the beginning of the period

(2) Investment real estate adopting fair value measurement mode

Applicable Not applicable

(3) Investment real estate situation without certificate of title

unit: yuan

Project book value

Others indicate that the investment real estate at the end of the period increased significantly compared with the beginning of the period, mainly due to the increase in the property used by the company for rental.

16. Fixed assets

unit: yuan

Project ending balance

Fixed assets 1,240,991,161.37 1,387,302,286.83

Total 1,240,991,161.37 1,387,302,286.83

(1) Fixed assets

unit: yuan

Projects Houses and buildings Production and construction equipment Transportation equipment
Office equipment Total

First, the original value of the book:

1. Opening balance 1,364,076,439.19 1,827,218.00 1,975,978.88 23,565,774.71

1,391,445,410.78

2. The increase in the current period 206,916,746.59 48,589.48 263,801.79 8,603,259.24

215,832,397.10

(1) Purchase 48,589.48 263,801.79 8,603,259.24 8,915,650.51

(2) Construction in progress transferred to 200,582,352.77 200,582,352.77

(3) Increase in business combination

(4) Other increases 6,334,393.82 6,334,393.82

3. Reduction amount in the current period 323,067,347.37 6,529.06 323,073,876.43

(1) Disposal or scrapping 6,529.06 6,529.06

(2) Other transfer 323,067,347.37 323,067,347.37

4. Ending balance 1,247,925,838.41 1,875,807.48 2,239,780.67 32,162,504.89 1,284,203,931.45

Second, accumulated depreciation

1. Opening balance 1,595,919.08 169,514.85 29,045.48 2,348,644.54 4,143,123.95
 2. Increase in the current period 32,321,256.21 239,101.95 433,552.23 6,077,975.64
 39,071,886.03

(1) Provisions 32,321,256.21 239,101.95 433,552.23 6,077,975.64 39,071,886.03

(2) Increase in business combination

3. Reduction in the current period 2,239.90 2,239.90

(1) Disposal or scrapping 2,239.90 2,239.90

(2) Other transfer

4. Ending balance 33,917,175.29 408,616.80 462,597.71 8,424,380.28 43,212,770.08

Third, the impairment provision

Opening balance

2. Increase in the current period

(1) Provision

3. Current amount reduction

(1) Disposal or scrapping

4. Ending balance

Fourth, the book value

1. Book value at the end of the period 1,214,008,663.12 1,467,190.68 1,777,182.96

23,738,124.61 1,240,991,161.37

2. Book value at the beginning of the period 1,362,480,520.11 1,657,703.15 1,946,933.40

21,217,130.17 1,387,302,286.83

(2) Temporary idle fixed assets

unit: yuan

Item Original book value Accumulated depreciation Impairment reserve Book value Remarks

(3) Fixed assets leased through financial leasing

unit: yuan

Item Original book value Accumulated depreciation Impairment reserve Book value

(4) Fixed assets leased out through operating leases

unit: yuan

Project book value at the end of the period

(5) Fixed assets without certificate of title

unit: yuan

Project Book value The reason for not completing the title certificate

other instructions

(6) Fixed assets cleanup

unit: yuan

Project ending balance

other instructions

17. Construction in progress

unit: yuan

Project ending balance

(1) Construction in progress

unit: yuan

Project ending balance

Book balance Depreciation reserve Book value Book balance Depreciation reserve Book value
Chaoyang Kewen School

(2) Changes in important construction projects in the current period

unit: yuan

Project name Budget amount Opening balance of current period Increase amount of current period Transfer of fixed assets amount in the current period Other reduction amount in the current period Ending balance Project cumulative investment accounted for budget ratio Project progress Interest capitalization accumulated amount Among them: Interest capitalization amount of current period Interest capitalization of current period Rate of funding
Chaoyang Kewen School 2,256,860,000.00 200,582,352.77 200,582,352.77 100.00% 100.00%
3,548,963.39 Fundraising Fund

Total 2,256,860,000.00 200,582,352.77 200,582,352.77 -- -- 3,548,963.39 --

(3) Provision for impairment of construction in progress during the period

unit: yuan

Project accrual amount in the current period

other instructions

(4) Engineering materials

unit: yuan

Project ending balance

Book balance Depreciation reserve Book value Book balance Depreciation reserve Book value
other instructions:

18. Productive biological assets

(1) Production biological assets using cost measurement model

Applicable Not applicable

(2) Production biological assets using the fair value measurement model

Applicable Not applicable

19. Oil and gas assets

Applicable Not applicable

20. Intangible assets

(1) Intangible assets

unit: yuan

Project land use right patent right non-patent technology

First, the original value of the book

1. Opening balance 971,842,863.07 604,200.86 972,447,063.93

2. The increase amount in the current period 1,191,702.60 660,826.68 1,852,529.28

(1) Purchase 1,191,702.60 660,826.68 1,852,529.28

(2) Internal research and development

(3) Increase in business combination

3. The amount of this period is reduced by 6,334,393.82 6,334,393.82

(1) Disposal

(2) Other 6,334,393.82 6,334,393.82

4. Ending balance 966,700,171.85 1,265,027.54 967,965,199.39

Second, the cumulative amortization

1. Opening balance 16,156,448.30 44,612.31 16,201,060.61

2. Increase in the current period 26,172,822.99 87,511.95 26,260,334.94

(1) Provision 26,172,822.99 87,511.95 26,260,334.94

3. Current amount reduction

(1) Disposal

4. Ending balances 42,329,271.29 132,124.26 42,461,395.55

Third, the impairment provision

Opening balance

2. Increase in the current period

(1) Provision

3. Current amount reduction

(1) Disposal

4. Ending balance

Fourth, the book value

1. Book value at the end of the period 924,370,900.56 1,132,903.28 925,503,803.84

2. Book value at the beginning of the period 955,686,414.77 559,588.55 956,246,003.32

At the end of the period, the intangible assets formed through internal research and development of the company accounted for the proportion of intangible assets.

(2) Land use rights without a certificate of title

unit: yuan

Project Book value The reason for not completing the title certificate

other instructions:

21. Development expenditure

unit: yuan

Project opening balance Current period increase amount Current period reduction amount

Ending balance

other instructions

22, goodwill

(1) Original value of goodwill book

unit: yuan

The name of the invested entity or the matter that forms the goodwill. The beginning balance

The current period increases the current period decreases the ending balance

Kevin Zhixin 186,063,115.81 186,063,115.81

Kevin Ruixin 27,602,832.64 27,602,832.64

Kai Literature Letter 700,514.32 700,514.32

Wen Kaixing 312,061.40 312,061.40

Total 214,678,524.17 214,678,524.17

(2) Goodwill impairment provision

unit: yuan

The name of the invested entity or the matter that forms the goodwill. The beginning balance

The current period increases the current period decreases the ending balance

The relevant information of the asset group or asset group combination of goodwill describes the goodwill impairment test process and key parameters (such as the forecast period growth rate, steady period growth rate, profit rate, discount rate, forecast) when the present value of expected

future cash flow is expected. Period, etc.) and the method of confirming the impairment loss of goodwill:

Goodwill arising from a business combination is tested for impairment at least at the end of each year. When the Company conducts impairment test on the relevant asset group or asset group combination containing goodwill, if there is any sign of impairment of the asset group or asset group combination related to goodwill, the following steps are taken:

First, the asset group or asset group combination that does not contain goodwill is tested for impairment, and the recoverable amount is calculated and compared with the book value of the relevant assets to confirm the corresponding impairment loss; then the asset group or asset group containing the goodwill This combination is tested for impairment, comparing the book value of these related asset groups or asset group combinations (including the book value portion of the assessed goodwill) and its recoverable amount, if the recoverable amount of the relevant asset group or asset group combination is lower than For its book value, the impairment loss is recognized as the difference. The amount of impairment loss is first deducted from the book value of the goodwill allocated to the asset group or asset group combination; and then proportional to the book value of the assets other than the goodwill in the asset group or asset group combination. Deduct the book value of other assets.

Impact of goodwill impairment test

23. Long-term deferred expenses

unit: yuan

Project Opening balance Current period increase amount Current period amortization amount

Other reduction amount Ending balance

Haidian School rented fixed assets renovation and renovation 240,762,246.75 124,134,220.14
24,263,756.96 340,632,709.93

Other sporadic renovations 671,547.45 3,738,149.16 3,871,254.94 538,441.67

Total 241,433,794.20 127,872,369.30 28,135,011.90 341,171,151.60

Other explanations The long-term deferred expenses at the end of the period increased by 41.31% compared with the beginning of the period, mainly due to the construction of the indoor swimming pool and football field in the newly-built Haidian Campus.

24. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets without offset

unit: yuan

Project ending balance

Deductible temporary differences Deferred income tax assets Deductible temporary differences

Deferred income tax assets

Asset impairment provision 347,716.89 86,929.23 101,459.41 25,364.86

unit: yuan

Deferred income tax assets and liabilities at the end of the period

Deferred income tax assets 62,738,017.47 34,318,813.99

(4) Unconfirmed deferred income tax asset details

unit: yuan

Project ending balance

Deductible temporary difference 3,318.13 718.92

Deductible losses 9,024,575.12 4,405,302.38

Total 9,027,893.25 4,406,021.30

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

unit: yuan

| Year | Ending amount | Beginning amount | Remarks |
|-------|---------------|------------------|---------|
| 2023 | 4,619,272.74 | | |
| 2022 | 4,405,302.38 | 4,405,302.38 | |
| 2021 | | | |
| 2020 | | | |
| 2019 | | | |
| Total | 9,024,575.12 | 4,405,302.38 | -- |

other instructions:

The deferred income tax assets at the end of the period increased by 82.81% from the beginning of the period, mainly due to the increase in the amount of deductible losses.

25. Other non-current assets

unit: yuan

Project ending balance

| | | |
|---|---------------|------------|
| Acquisition deposit and upfront expenditure | 17,217,220.90 | |
| Prepaid equipment | 197,500.00 | 219,354.18 |
| Total | 17,414,720.90 | 219,354.18 |

other instructions:

At the end of the period, other non-current assets increased significantly compared with the beginning of the period, mainly due to the company's prepaid purchase deposit and the pre-expenditure amount.

26. Short-term loans

(1) Short-term loan classification

unit: yuan

Project ending balance

| | | |
|-----------------|----------------|----------------|
| Guaranteed loan | 199,000,000.00 | 280,000,000.00 |
| Total | 199,000,000.00 | 280,000,000.00 |

Description of short-term loan classification:

The guaranteed loan of RMB 1.9 billion at the end of the period was guaranteed by Badachu Holding Group Co., Ltd.

(2) Short-term borrowings that have been overdue

The total amount of short-term loans that have been overdue at the end of the period is RMB, and the important short-term loans that have been overdue are as follows:

unit: yuan

| Borrower | Unit | Ending Balance | Borrowing Interest Rate | Overdue Time | Overdue Rate |
|---------------------|------|----------------|-------------------------|--------------|--------------|
| other instructions: | | | | | |

27. Financial liabilities measured at fair value through profit or loss

unit: yuan

Project ending balance

other instructions:

28. Derivative financial liabilities

Applicable Not applicable

29. Bills payable and accounts payable

unit: yuan

Project ending balance
 Bills payable 74,831,255.00
 Accounts payable 260,858,196.74 409,007,621.48
 Total 260,858,196.74 483,838,876.48

(1) Classification of bills payable
 unit: yuan

Type Ending balance Opening balance
 Bank acceptance bill 74,831,255.00
 Total 74,831,255.00

The total amount of notes payable that have not been paid at the end of the period is RMB.

(2) List of accounts payable
 unit: yuan

Project ending balance
 Infrastructure section 248,775,614.56 400,729,857.14
 Material section 3,465,825.47 2,770,875.14
 Other 8,616,756.71 5,506,889.20
 Total 260,858,196.74 409,007,621.48

(3) Important accounts payable aged over one year
 unit: yuan

Project Ending balance Reasons for outstanding or carry-over
 other instructions:

The ending notes and payables decreased by 46.09% as compared with the beginning of the period, mainly due to the decrease in infrastructure payments to Chaoyang School and the reduction of bills settlement.

30. Advance receipts

(1) Listing of advance receipts
 unit: yuan

Project ending balance
 Advance receipt of tuition and fees 162,051,920.35 91,057,346.76
 Advance meal fee 4,360,270.88 2,902,350.61
 Advance training fee 4,887,516.89 1,380,599.92
 Total 171,299,708.12 95,340,297.29

(2) Important advance receipts aged over one year
 unit: yuan

Project Ending balance Reasons for outstanding or carry-over

(3) Settlement of unfinished projects formed by the construction contract at the end of the period
 unit: yuan

Item Amount

other instructions:

The amount of advance receipts at the end of the period increased by 79.67% compared with the beginning of the period, mainly due to the increase in the amount of tuition and miscellaneous fees received in the current period.

31. Payroll payable

(1) List of payroll payables
 unit: yuan

Project opening balance, current period increase, current period decrease, ending balance

1. Short-term remuneration 12,264,284.73 126,214,225.65 125,848,786.13 12,629,724.25
 Second, post-employment benefits - set up a contribution plan 634,234.69 9,271,199.15
 8,852,620.78 1,052,813.06
 Total 12,898,519.42 135,485,424.80 134,701,406.91 13,682,537.31

(2) Short-term salary list

unit: yuan

Project opening balance, current period increase, current period decrease, ending balance

1. Wages, bonuses, allowances and subsidies 11,823,004.96 106,173,879.21 106,104,459.59
 11,892,424.58

2. Staff welfare fee 83,435.00 9,866,407.61 9,949,842.61

3. Social insurance premiums 357,124.77 5,298,615.83 5,082,996.93 572,743.67

Of which: medical insurance premiums 321,987.10 4,773,174.87 4,578,992.33 516,169.64

Work injury insurance premium 9,378.86 146,583.54 139,228.40 16,734.00

Maternity insurance premium 25,758.81 378,857.42 364,776.20 39,840.03

4. Housing provident fund 720.00 4,875,323.00 4,711,487.00 164,556.00

Total 12,264,284.73 126,214,225.65 125,848,786.13 12,629,724.25

(3) List the proposed contribution plan

unit: yuan

Project opening balance, current period increase, current period decrease, ending balance

1. Basic pension insurance 608,742.25 8,896,238.04 8,493,209.03 1,011,771.26

2. Unemployment insurance premium 25,492.44 374,961.11 359,411.75 41,041.80

Total 634,234.69 9,271,199.15 8,852,620.78 1,052,813.06

other instructions:

32. Taxes payable

unit: yuan

Project ending balance

VAT 3,627,378.60 211,676.39

Corporate income tax 3,285,620.19 28,541,750.47

Personal income tax 479,216.73 478,160.20

Urban maintenance and construction tax 597,950.27 590,028.28

Land value added tax 760,851.10 760,851.10

Education surcharge 214,619.92 208,962.35

Stamp duty 30,333.47 189,559.14

Other 4,752.41 39,447.91

Total 9,000,722.69 31,020,435.84

other instructions:

At the end of the period, taxes payable decreased by 70.98% compared with the beginning of the period, mainly due to the decrease in corporate income tax payable by the company during the period.

33, other payables

unit: yuan

Project ending balance

Interest payable 1,813,995.88 417,956.46

Dividend payable 425,485.61 425,485.61

Other payables 37,621,801.65 29,301,990.88

Total 39,861,283.14 30,145,432.95

(1) Interest payable

unit: yuan

Project ending balance

Interest on long-term borrowings repaid in installments and repayments 1,497,222.23

Interest payable on short-term loans 316,773.65 417,956.46

Total 1,813,995.88 417,956.46

Important overdue interest rates:

unit: yuan

Borrower Overdue Amount Overdue Reason

other instructions:

Interest payable at the end of the period increased significantly compared with the beginning of the period, mainly due to the increase in the balance of loans at the end of the period.

(2) Dividend payable

unit: yuan

Project ending balance

Common stock dividend 425,485.61 425,485.61

Total 425,485.61 425,485.61

Other instructions, including important unpaid dividends payable for more than 1 year, should disclose the reasons for the unpaid:

The dividend payable at the end of the period is mainly due to the unpaid dividends paid to Jiangsu Huanyu Investment Development Co., Ltd.

(3) Other payables

1) List other payables by nature of the payment

unit: yuan

Project ending balance

Equity transfer 20,640,660.00 22,700,660.00

Contacts 7,354,740.51

Margin 5,879,143.10 1,912,400.00

Collection and payment 1,996,715.46 4,493,016.42

Other 1,750,542.58 195,914.46

Total 37,621,801.65 29,301,990.88

2) Important other payables aged over one year

unit: yuan

Project Ending balance Reasons for outstanding or carry-over

Other explanations (4) Other payables at the end of the period increased by 32.23% from the beginning of the period, mainly due to the increase in current accounts at the end of the period.

34. Holding liabilities for sale

unit: yuan

Project ending balance

other instructions:

35. Non-current liabilities due within one year

unit: yuan

Project ending balance

Long-term loans due within one year 10,000,000.00

Total 10,000,000.00

other instructions:

Non-current liabilities due within the first year of the year increased from the beginning of the period, mainly due to the increase in long-term borrowings due within one year.

36. Other current liabilities

unit: yuan

Project ending balance

Tax to be resold 735,770.47

Total 735,770.47

Changes in short-term bonds payable:

unit: yuan

| Bond Name | Denomination | Date of Issue | Bond Term | Issue Amount | Opening Balance | Current Issues | Interpretation of interest at face value | Amortization of premium discount | Amortization of the current period | Ending balance |
|-----------|--------------|---------------|-----------|--------------|-----------------|----------------|--|----------------------------------|------------------------------------|----------------|
|-----------|--------------|---------------|-----------|--------------|-----------------|----------------|--|----------------------------------|------------------------------------|----------------|

other instructions:

Other current liabilities at the end of the period decreased from the beginning of the period, mainly due to the decrease in the amount of tax expected to be resold.

37. Long-term loans

(1) Classification of long-term loans

unit: yuan

Project ending balance

Pledged loan 990,000,000.00

Total 990,000,000.00

Description of long-term loan classification:

Wen Kaixing, a controlled subsidiary of the Company, obtained a pledge loan of RMB 100 million from the Beijing Haidian Sub-branch of Industrial and Commercial Bank of China Co., Ltd., which is a pledge guarantee for the 100% equity of Wenkai Xing held by the subsidiary Wenhua Xuexin, and the company and The major shareholder of the Big Eight Branch Holdings provides guarantee guarantee for the loan.

Other instructions, including interest rate range:

The long-term borrowings at the end of the period increased significantly compared with the beginning of the period, mainly due to the needs of the company's business development and the increase in borrowing funds from banks.

38. Bonds payable (1) Bonds payable

unit: yuan

Project ending balance

(2) Changes in the amount of bonds payable (excluding other financial instruments such as preferred stocks classified as financial liabilities, perpetual bonds, etc.)

unit: yuan

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

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

Table of changes in preferred financial instruments such as preferred stocks and perpetual bonds issued at the end of the period, such as preferred stocks and perpetual bonds issued at the end of the period

unit: yuan

Financial instruments issued at the beginning of the period

Quantity Book value Quantity Book value Quantity Book value Quantity Book value

Other financial instruments are classified as financial liabilities. Other explanations

39. Long-term payables

unit: yuan

Project ending balance

(1) Long-term payables by nature of money

unit: yuan

Project ending balance

other instructions:

(2) Special payables

currency: RMB

Project opening balance, current period increase, current period reduction, ending balance, formation reasons

other instructions:

40. Long-term payroll payroll

(1) Long-term payroll employee compensation form

unit: yuan

Project ending balance

(2) Setting changes in the benefit plan

Set the current value of the benefit plan obligation:

unit: yuan

The amount of the current period

Plan assets:

unit: yuan

The amount of the current period

Set benefit plan net debt (net assets)

unit: yuan

The amount of the current period

The impact of the content of the defined benefit plan and its associated risks, the company's future cash flow, time and uncertainty:

The main actuarial assumptions and sensitivity analysis results of the defined benefit plan:

other instructions:

41. Estimated liabilities

unit: yuan

Project ending balance balance at the beginning of the project

Other notes, including important assumptions about important projected liabilities, estimates:

42. Deferred income

unit: yuan

Project opening balance, current period increase, current period reduction, ending balance, formation reasons

Projects involving government subsidies:

unit: yuan

Debt item Opening balance The amount of new subsidy in the current period The amount of non-operating income in the current period is included in the amount of other income in the current period. The amount of expenses incurred in the current period. Other changes. Ending balance

Related to assets/revenue related

other instructions:

43. Other non-current liabilities

unit: yuan

Project ending balance

other instructions:

44, share capital

unit: yuan

Opening balance The increase or decrease of this change (+, -) ending balance

Issuing new shares, sending shares, providing funds to convert shares, other subtotals

Total shares 498,566,987.00 498,566,987.00

other instructions:

45. Other equity instruments (1) Basic information on other financial instruments such as preferred stocks and perpetual bonds issued at the end of the period

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

unit: yuan

Financial instruments issued at the beginning of the period

Quantity Book value Quantity Book value Quantity Book value Quantity Book value

The changes in other equity instruments in the current period, the reasons for the changes, and the basis for relevant accounting treatment:

other instructions:

46. Capital reserve

unit: yuan

Project opening balance, current period increase, current period decrease, ending balance

Capital premium (share premium) 1,667,152,471.57 1,667,152,471.57

Other capital reserves 1,479,123.35 616,860.39 2,095,983.74

Total 1,668,631,594.92 616,860.39 1,669,248,455.31

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

Other capital reserves increased by RMB 616,860.39 in the current period, which was formed by the investment of minority shareholders by Kevin Ruixin.

47. Stocks

unit: yuan

Project opening balance, current period increase, current period decrease, ending balance

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

48. Other comprehensive income

unit: yuan

Project opening balance

The amount before the current income tax is reduced: the previous period is included in the other comprehensive income, transferred to profit or loss in the current period. Less: Income tax expense is attributed to the parent company after tax.

2. Other comprehensive income that will be reclassified into profit and loss -414,690.95

125,324.20 125,324.20 -289,366.75

Foreign currency financial statement translation difference -414,690.95 125,324.20 125,324.20 -289,366.75

Total other comprehensive income -414,690.95 125,324.20 125,324.20 -289,366.75

Other instructions, including the conversion of the effective portion of the cash flow hedge gains

and losses to the initial recognition amount of the hedged item:

49, special reserve

unit: yuan

Project opening balance, current period increase, current period decrease, ending balance

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

50, surplus reserve

unit: yuan

Project opening balance, current period increase, current period decrease, ending balance

Statutory surplus reserve 27,579,031.87 27,579,031.87

Total 27,579,031.87 27,579,031.87

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

51, undistributed profit

unit: yuan

Project current issue

Undistributed profit before the adjustment of the previous period, 9,263,578.49 -11,685,008.79

Adjust the undistributed profit at the beginning of the period (increase +, decrease -) -228,082.36

Adjust the initial undistributed profit at the end of the period 9,263,578.49 -11,913,091.15

Plus: net profit attributable to owners of the parent company in the current period -97,954,180.65
23,259,140.11

Less: Extract statutory surplus reserve 4,019,688.69

Other -1,937,218.22

Undistributed profit at the end of the period -88,690,602.16 9,263,578.49

Adjustment of undistributed profit at the beginning of the period:

1) Due to the retrospective adjustment of the "Accounting Standards for Business Enterprises" and its related new regulations, the undistributed profit at the beginning of the period is affected by RMB 0.00. 2) Due to changes in accounting policies, the undistributed profit at the beginning of the period was affected by RMB 0.00. 3) Due to the correction of major accounting errors, the undistributed profit at the beginning of the period is affected by RMB 0.00. 4) The change in the scope of consolidation due to the same control affects the undistributed profit of RMB 0.00 at the beginning of the period. 5) Other adjustments affect the undistributed profit at the beginning of the period of RMB 0.00.

52. Operating income and operating costs

unit: yuan

The amount of the current period

Income cost income cost

Main business 208,754,552.13 251,391,074.37 602,531,775.87 577,434,234.96

Other business 33,039,701.63 6,734,902.42 17,680,508.93 15,603,521.85

Total 241,794,253.76 258,125,976.79 620,212,284.80 593,037,756.81

53. Taxes and surcharges

unit: yuan

The amount of the current period

Urban maintenance and construction tax 114,275.04 189,334.12

Education surcharge 81,624.00 103,911.55

Property tax 2,773,787.83 1,132,029.65

Land use tax 212,226.23 1,573,360.35

Vehicle and vessel use tax 7,300.00 11,340.00

Stamp duty 107,317.43 982,557.52

Other taxes and fees 843,384.23 47,820.23

Total 4,139,914.76 4,040,353.42

other instructions:

54, sales expenses

unit: yuan

The amount of the current period

Employee compensation 4,227,852.06 4,177,696.19

Advertising promotion fee 5,494,779.99 3,013,207.61

Travel expenses 20,865.58 674,386.25

Business Hospitality 547.00 678,951.18

Other 31,061.40 1,457,288.37

Total 9,775,106.03 10,001,529.60

other instructions:

55, management fees

unit: yuan

The amount of the current period

Employee compensation 36,459,100.39 36,304,488.74

Intermediary and consulting fees 6,005,787.47 15,668,067.43

Depreciation and amortization 2,168,734.21 6,918,853.01

Travel expenses 2,567,034.24 3,645,217.51

Office consumption 4,597,895.68 3,500,361.74

Business hospitality 564,212.93 679,579.63

Other expenses 3,320,413.19 3,150,343.89

Total 55,683,178.11 69,866,911.95

other instructions:

56, research and development costs

unit: yuan

The amount of the current period

other instructions:

57. Financial expenses

unit: yuan

The amount of the current period

Interest expense 43,594,508.03 39,314,851.47

Less: interest income 10,575,714.96 14,168,941.86

Net interest income 33,018,793.07 25,145,909.61

Exchange loss 82,433.60 715,928.36

Bank charges 176,084.08 374,509.47

Corporate bond interest 6,361,543.18

Financing lease interest 1,108,191.68

Letter of guarantee fee 1,154,338.14

Total 33,277,310.75 34,860,420.44

other instructions:

58. Asset impairment loss

unit: yuan

The amount of the current period

I. Bad debt loss 389,856.69 -375,302.19

Second, the inventory price loss -1,255,349.46

Total 389,856.69 -1,630,651.65

other instructions:

The impairment loss of assets in the current period increased significantly compared with the previous period, mainly due to the increase in provision for bad debts.

59, other income

unit: yuan

Sources of other income, current period

2017-2018 school year compulsory education per student public subsidy - Beijing Haidian District Board of Education 852,700.00

2017-2018 school year private compulsory education per student public subsidy - Haidian Education Commission 595,900.00

Return of taxes and fees 155,364.50 17,763.30

2017-2018 academic year free education fee for textbooks 109,518.00

Total 1,603,964.50 127,281.30

60, investment income

unit: yuan

The amount of the current period

Long-term equity investment income calculated by equity method 861.58

Investment income from disposal of long-term equity investments -861.58 144,597,025.22

Financial products income 823,966.55 3,225,155.68

Total 823,104.97 147,823,042.48

other instructions:

The investment income of the current period decreased significantly compared with the previous period, which was mainly due to the decrease in the investment income from the disposal of long-term equity investment in the current period.

61. Changes in fair value changes

unit: yuan

Source of income from changes in fair value of the current period

other instructions:

62. Asset disposal income

unit: yuan

Source of income from asset disposal The amount of the current period

Disposal of gains or losses on disposal of fixed assets, construction in progress, productive biological assets and intangible assets not held for sale: -283,629.51

Of which: the disposal of fixed assets gains -283,629.51

63. Non-operating income

unit: yuan

The amount of the current period The amount of the previous period is included in the current non-recurring gains and losses.

Other 500.20 431,386.16 500.20

Total 500.20 431,386.16 500.20

Government subsidies included in current profit and loss:

unit: yuan

Subsidy Projects Distributing Entity Reasons for Distributing Nature Type Whether the Subsidy Affects the Profit and Loss of the Current Year Whether the Special Subsidy Amount Occurred in the Current Period The Amount Occurred in the Previous Period Related to Assets/Revenue Related

other instructions:

64. Non-operating expenses

unit: yuan

The amount of the current period The amount of the previous period is included in the current non-recurring gains and losses.

Fine expenditure 200,000.00 6,552,834.44 200,000.00

Other 3,626.37 60,734.08 3,626.37

Total 203,626.37 6,613,568.52 203,626.37

other instructions:

The non-operating expenses for the period decreased by 96.92% compared with the previous period, which was mainly due to the higher expenses of the previous period.

65, income tax expenses

(1) Income tax schedule

unit: yuan

The amount of the current period

Current income tax expenses 5,589,232.60 30,178,928.35

Deferred income tax -28,419,203.48 1,755,014.24

Total -22,829,970.88 31,933,942.59

(2) Accounting profit and income tax adjustment process

unit: yuan

Project amount

Total profit -117,373,146.07

Income tax expense at statutory/applicable tax rate -29,343,286.52

Adjust the impact of income tax in the previous period 580,416.47

Impact of non-deductible costs, expenses and losses 2,109,176.18

The deductible temporary difference of deferred income tax assets or the impact of deductible losses in the current period 1,155,467.99

Other 2,668,255.00

Income tax expense -22,829,970.88

other instructions

66, other comprehensive income

See Note VII.48 for details.

67. Cash flow statement item

(1) Other cash received related to operating activities

unit: yuan

The amount of the current period

Contacts 13,481,501.89

Margin 3,966,743.10

Government subsidy 1,603,964.50 109,518.00

Other 500.20 449,149.46

Total 19,052,709.69 558,667.46

Other cash instructions received related to operating activities:

(2) Other cash paid in connection with business activities

unit: yuan

The amount of the current period

Contacts 11,672,499.28

Intermediary and consulting fees 6,005,787.47 9,528,693.12

Advertising promotion fee 5,494,779.99 3,168,127.55

Office consumption 4,597,895.68 3,500,361.74

Travel expenses 2,587,899.82 4,319,603.76

Business hospitality 564,759.93 1,358,530.81

Fines expenditure 200,000.00 6,552,834.44

Bank charges 176,084.08 374,509.47

Other expenses 6,661,623.94 6,151,314.13

Total 37,961,330.19 34,953,975.02

Other cash instructions related to operating activities:

(3) Other cash received related to investment activities

unit: yuan

The amount of the current period

Interest income 10,575,714.96 15,343,990.23

Total 10,575,714.96 15,343,990.23

Other cash instructions received related to investment activities:

(4) Other cash paid related to investment activities

unit: yuan

The amount of the current period

Acquisition of minority shareholders' equity 247,314,240.00

Total 247,314,240.00

Other cash instructions related to investment activities paid:

(5) Other cash received related to fundraising activities

unit: yuan

The amount of the current period

Note Guarantee Letter of Credit Margin 36,420,112.57 66,277,807.74

Contacts 7,354,740.51 939,421,564.18

Total 43,774,853.08 1,005,699,371.92

Other cash instructions received related to fundraising activities:

(6) Other cash paid related to fundraising activities

unit: yuan

The amount of the current period

Other cash instructions related to fundraising activities paid:

68. Cash flow statement supplementary information

(1) Supplementary information on the cash flow statement

unit: yuan

Supplementary information Current amount Amount in the previous period

1. Adjusting net profit to cash flow from operating activities: -- --

Net profit -94,543,175.19 19,586,533.55

Add: Asset impairment provision 389,856.69 -1,630,651.65

Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive

biological assets 43,898,536.72 54,735,364.94
 Amortization of intangible assets 26,260,334.94 12,798,987.08
 Long-term deferred expenses amortization 28,135,011.90 16,036,578.21
 Disposal of fixed assets, intangible assets and other long-term assets (revenues are marked with "-") 283,629.51
 Financial expenses (revenues are marked with "-") 33,101,226.67 34,485,910.97
 Investment loss (revenue is marked with "-") -823,104.97 -147,823,042.48
 Deferred income tax assets decreased (increase by "-") -28,419,203.48 1,755,014.24
 Reduction in inventory (increase by "-") -8,005.22 -150,599,865.44
 Reduction of operational receivables (increased by "-") -39,310,053.79 -70,605,833.33
 Increase in operational payables (reduced by "-") 31,847,423.81 50,944,876.97
 Net cash flow from operating activities 528,848.08 -180,032,497.43
 2. Significant investment and fundraising activities that do not involve cash receipts and payments: -- --
 3. Net changes in cash and cash equivalents: -- --
 Ending balance of cash 445,339,592.20 77,274,652.40
 Less: the beginning balance of cash 77,274,652.40 115,163,754.15
 Net increase in cash and cash equivalents 368,064,939.80 -37,889,101.75
 (2) Net cash paid by the subsidiary for the current period
 unit: yuan
 Amount
 among them: --
 among them: --
 Plus: Cash or cash equivalents paid in the current period for business combinations in the previous period 2,060,000.00
 among them: --
 Net cash paid by the subsidiary 2,060,000.00
 other instructions:
 (3) Net cash received from disposal of subsidiaries during the period
 unit: yuan
 Amount
 among them: --
 among them: --
 Add: The cash or cash equivalent received by the subsidiary during the previous period 169,577.07
 among them: --
 Net cash received from disposal of subsidiaries 169,577.07
 other instructions:
 (4) Composition of cash and cash equivalents
 unit: yuan
 Project ending balance
 I. Cash 445,339,592.20 77,274,652.40
 Of which: cash on hand 123,886.66 169,978.97
 Bank deposits ready for payment 445,215,705.54 77,104,673.43
 3. Balance of cash and cash equivalents at the end of the period 445,339,592.20 77,274,652.40
 other instructions:

The cash and cash equivalents at the end of the period do not include the guarantee deposit of RMB 51,371,507.59; the cash and cash equivalents at the beginning of the period do not include RMB 87,791,620.16 for the notes and the guarantee of the letter of guarantee.

69. Notes on the item of changes in owner's equity

Explain the names of the "other" items and the adjustment amount for adjusting the balance at the end of the previous year:

70. Assets with restricted ownership or use rights

unit: yuan

Project book value at the end of the period

Monetary funds 51,371,507.59 margin

Total 51,371,507.59 --

other instructions:

71. Foreign currency monetary items

(1) Foreign currency monetary items

unit: yuan

Project Foreign currency balance at the end of the period Converted exchange rate End of the period

Money funds -- --

Of which: US\$ 103,963.70 6.8632 713, 523.67

EUR

HK\$1,663,042.65 0.8762 1,457,157.97

£100.95 8.6762 875.86

accounts receivable -- --

Of which: US dollars

EUR

Hong Kong dollar

Long term loan -- --

Of which: US dollars

EUR

Hong Kong dollar

Other receivables

Of which: HK\$19,121,471.05 0.8762 16,754,232.93

other instructions:

(2) Description of the overseas operating entity, including for important overseas operating entities, the main operating place, the recording currency and the basis for selection should be disclosed. The reasons for the change in the recording currency should also be disclosed.

√ Applicable □ Not applicable to Kevin International, established on September 26, 2016. The company is located in Hong Kong and uses Hong Kong dollars as the bookkeeping base currency. Princeton, founded on April 26, 2018, is based in New Jersey and uses US dollars as the bookkeeping currency. Kevin America Inc., established on April 26, 2018, is based in Delaware and uses US dollars as the bookkeeping currency.

72, hedging

Disclosure of hedging items and related hedging instruments, qualitative and quantitative information on hedged risks in accordance with the hedging category:

73. Government subsidies

(1) Basic information on government subsidies

unit: yuan

Type Amount Presentation item The amount included in the current profit and loss
 2017-2018 school year compulsory education per student public subsidy - Beijing Haidian District Board of Education 852,700.00 Other income 852,700.00
 2017-2018 school year private compulsory education per student public subsidy - Haidian Education Commission 595,900.00 Other income 595,900.00
 Return of taxes and fees 155,364.50 Other income 155,364.50
 Total 1,603,964.50 1,603,964.50

(2) Return of government subsidies

 Applicable No other instructions:

74, other

8. Changes in the scope of consolidation

1. Business combination not under the same control

(1) Business combination not under the same control occurred in the current period

unit: yuan

Name of the purchased party Time of acquisition of equity Equity acquisition cost Equity acquisition ratio Equity acquisition method Purchase date Determination basis of purchase date Purchase date to purchaser at the end of the purchase date Purchase party to purchaser at the end of the period

Net profit

other instructions:

(2) Consolidation costs and goodwill

unit: yuan

Merger cost

The method for determining the fair value of the merger cost, or the description of the consideration and its changes:

The main reasons for the formation of large-value goodwill:

other instructions:

(3) The identifiable assets and liabilities of the purchased party on the purchase date

unit: yuan

Purchase date fair value purchase date book value

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

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

other instructions:

(4) The gain or loss arising from the re-measurement of the equity held before the purchase date at fair value

Is there a transaction that realizes the business combination step by step through multiple transactions and gains control during the reporting period? Yes No

(5) Relevant explanations of the merger consideration or the fair value of the identifiable assets and liabilities of the acquiree cannot be reasonably determined at the end of the purchase date or the combination period (6) Other explanations

2. Business combination under the same control

(1) Business combination under the same control in the current period

unit: yuan

Name of the merged party The proportion of the equity acquired in the business combination constitutes the basis of the business combination under the same control. The combination date The basis for the determination of the merger date The income of the merged party from the beginning of the current period to the date of consolidation The net profit of the combined party from the beginning of the current period to the date of consolidation Income of the merged party during the period

other instructions:

(2) Merger cost

unit: yuan

Merger cost

Or a description of the consideration and its changes:

other instructions:

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

unit: yuan

Merger date

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

other instructions:

3, reverse purchase

The basic information of the transaction, the basis of the transaction constitutes the reverse purchase, whether the assets and liabilities retained by the listed company constitute the business and its basis, the determination of the merger cost, and the adjustment of the equity amount and its calculation according to the equity transaction:

4. Disposal of subsidiaries

Is there a single disposal that loses control over the investment of the subsidiary? Yes No

Whether there is a step-by-step disposal of investment in subsidiaries through multiple transactions and loss of control in the current period Yes No

5. Changes in the scope of consolidation for other reasons

Explain changes in scope of consolidation caused by other reasons (eg, new subsidiaries, clearing subsidiaries, etc.) and their related circumstances:

In this issue, we will set up Kaiwen School, Chaoyang District, Beijing, Kaiwen Educationg US, Inc, Princeton Westminster International, LLC, Hunan Kevin Xingyi Education Technology Co., Ltd., Tianjin Kaiwen Xingyi Training School Co., Ltd., Beijing Kaiwen Yimei Education Technology Co., Ltd. Six companies in the company.

6, other

9. Rights in other subjects

1. Rights in subsidiaries

(1) Composition of enterprise groups

Subsidiary name Main place of business Registration place Business nature Shareholding ratio

Acquisition method

Direct indirect

Wenhua Xuexin Beijing Beijing Investment Management and Education Consulting 100.00%

Established

Wen Kaixing Beijing Municipal Education Investment Management and Investment Consulting

100.00% Business combination not under the same control

Kevin Zhixin Beijing Beijing Education Investment Management and Investment Consulting
100.00% Non-identical business combination

Haidian School Beijing Beijing Education 100.00% Business combination not under the same control

Kevin Ruixin Beijing Beijing Education Consulting 57.12% Business combination not under the same control

Kai Literature Letter Beijing Beijing Education Investment Management and Investment Consulting 100.00% Business combination not under the same control

Kevin International Hong Kong Hong Kong Education Investment Management and Investment Advisory 100.00% Established

Kevin Hengxin Beijing Beijing Education Consulting 100.00%

Kevin Renxin Beijing Beijing Education Consulting 100.00% Established

Kai Yu Xinde Beijing Beijing Investment Management and Education Consulting 51.00% Business combination under the same control

Chaoyang School Beijing Beijing Education Consulting 100.00%

Kevin Xingyi Beijing Beijing Education Consulting 100.00%

Kevin America Delaware State Delaware Education Consulting 100.00% Established

Princeton Corporation New Jersey New Jersey Education Consulting 100.00% Established

Tianjin Xingyi Tianjin Tianjin Education Consulting 100.00% Established

Kevin Yimei Beijing Municipal Education Consultation 100.00% Established

A description of the shareholding ratio of the subsidiary in the share of the voting rights:
The basis for holding half or less of the voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:
For important structured entities that are included in the scope of consolidation, the basis for control:
Determine the basis for the company to be an agent or a principal:
other instructions:

(2) Important non-wholly owned subsidiaries
unit: yuan

| Subsidiary name | Minority shareholding ratio | Profits and losses attributable to minority shareholders | Current period Distributable dividends to minority shareholders | Balance of minority shareholders at the end of the period |
|-----------------|-----------------------------|--|---|---|
| Kevin Ruixin | 42.88% | 3,574,227.99 | 2,650,265.80 | 7,622,076.99 |
| Kai Yu Xinde | 49.00% | -163,222.53 | 1,029,517.42 | |

The shareholding ratio of the minority shareholders of the subsidiary is different from the proportion of the voting rights:
other instructions:

(3) Main financial information of important non-wholly owned subsidiaries
unit: yuan

| Subsidiary name | Ending balance | Opening balance | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |
|-----------------|----------------|-----------------|----------------|--------------------|--------------|---------------------|-------------------------|-------------------|
| Kevin Ruixin | 20,891,933.63 | 155,841.87 | 21,047,775.50 | 3,290,874.31 | 3,290,874.31 | 16,662.66 | 488,621.81 | 17,339,284.47 |
| Kai Yu Xin De | 8,111,000.82 | 2,300,269.27 | 10,411,270.09 | 8,310,214.14 | 8,310,214.14 | | | |

5,122,879.24 2,382,775.66 7,505,654.90 5,071,491.74 5,071,491.74

unit: yuan

Subsidiary name The amount of the current period The amount of the previous period
Operating income Net profit Total comprehensive income Operating cash flow Operating
income Net profit Total comprehensive income Operating cash flow

Kevin Ruixin 16,149,765.09 8,334,914.37 8,334,914.37 8,749,513.38 15,898,526.52

6,621,720.59 6,621,720.59 9,372,127.07

Kai Yu Xinde 13,065,565.87 -333,107.21 -333,107.21 2,285,528.44 5,736,972.99 -118,616.52 -
118,616.52 4,522,291.76

other instructions:

(4) Major restrictions on the use of corporate group assets and liquidation of corporate group
debt

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

other instructions:

2. The share of the owner's equity in the subsidiary changes and the transaction of the subsidiary
is still controlled.

(1) Description of changes in the share of owners' equity in subsidiaries

(2) The impact of the transaction on minority shareholders' equity and ownership of the owner's
equity

unit: yuan

other instructions

3. Equity in joint venture arrangements or joint ventures

(1) Important joint ventures or joint ventures

Name of joint venture or joint venture Main place of business Registration place Business nature
Shareholding ratio Accounting treatment method for joint venture or joint venture investment
Direct indirect

Beijing Haichen Yunjiao Technology Co., Ltd. Beijing Beijing Education Consulting Service
20.00%

A description of the shareholding ratio of a joint venture or joint venture that differs from the
proportion of voting rights:

A basis that holds less than 20% of the voting rights but has a significant impact, or holds 20% or
more of the voting rights but does not have a significant impact:

(2) Main financial information of important joint ventures

unit: yuan

Ending balance / current period balance Opening balance / previous period

other instructions

(3) Main financial information of important joint ventures

unit: yuan

Ending balance / current period balance Opening balance / previous period

other instructions

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

unit: yuan

Ending balance / current period balance Opening balance / previous period

Joint ventures: -- --

Total book value of investment 200,861.58

The total of the following items in terms of shareholding ratio -- --

-- Net profit 861.58

-- Total comprehensive income 861.58

Associated companies: -- --

The total of the following items in terms of shareholding ratio -- --

other instructions

(5) Explain that there are significant restrictions on the ability of joint ventures or joint ventures to transfer funds to the company

(6) Excessive losses incurred by joint ventures or joint ventures
unit: yuan

Name of joint venture or joint venture Accumulated unrecognized losses recognized in the previous period Unrecognized losses in the current period (or net profits shared during the period) Accumulated unrecognized losses at the end of the period
other instructions

(7) Unconfirmed commitments related to joint venture investment

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

4. Important joint management

Joint operation name Main place of business Registration place Business nature Shareholding ratio / share of share

Direct indirect

The shareholding ratio or share of shares in joint operations is different from the statement of the proportion of voting rights:

Where the joint operation is a separate entity, it is classified as the basis for joint operations:
other instructions

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

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

6, other

X. Risks associated with financial instruments

The risks associated with the Company's financial instruments are derived from various types of financial assets and financial liabilities recognized by the Company during its operations. The main risks include: credit risk, liquidity risk and market risk.

The management objectives and policy systems of the various risks related to the financial instruments of the Company are the responsibility of the management of the Company, and the management is responsible for the daily risk management through the functional departments.

The internal audit department of the company conducts daily supervision on the implementation of the company's risk management policies and procedures, and reports relevant findings to the audit committee of the company in a timely manner.

Member meeting.

The overall goal of the company's risk management is to develop risk management policies that minimize the risks associated with financial instruments without unduly affecting the company's competitiveness and resilience. Credit risk

Credit risk refers to the risk that one party to a financial instrument fails to perform its

obligations and causes financial losses to the other party. The Company is mainly exposed to customer credit risk caused by credit sales and is not exposed to credit risk due to financial guarantees. The company's financial assets include monetary funds and other receivables. The credit risk of these financial assets is derived from counterparty defaults, and the maximum exposure is equal to the carrying amount of these instruments.

For the quantitative data of credit risk exposure generated by the Company due to accounts receivable and other receivables, please refer to Note VII.4 and Note VII.6. 2. Liquidity risk
Liquidity risk refers to the risk of a shortage of funds when an enterprise fulfills its obligation to settle cash or other financial assets. The company is responsible for the cash management of the subsidiaries within the group, including short-term investments in cash surpluses and financing to meet projected cash requirements. The company's policy is to regularly monitor short-term and long-term liquidity needs and whether it meets the requirements of the loan agreement to ensure that sufficient cash reserves and marketable securities are readily available.

As of December 31, 2018, the maturity of the company's financial liabilities is as follows:

Project Name Ending Balance

Within 1 year 1 to 2 years 2 to 3 years 3 years or more

Short-term loans 199,000,000.00 — — —

Notes payable and accounts payable 259,436,921.05 1,421,275.69 —

Other payables 19,220,623.14 20,640,660.00 —

Long-term loan 10,000,000.00 20,000,000.00 30,000,000.00 940,000,000.00

Total 487,657,544.19 42,061,935.69 30,000,000.00 940,000,000.00

3. Market risk

The market risk of financial instruments refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in market prices, including foreign exchange risk, interest rate risk and other price risks.

(1) Foreign exchange risk

The Company's exchange rate risk mainly comes from foreign currency assets and liabilities held by the Company and its subsidiaries that are not denominated in its bookkeeping currency. The Company's exposure to exchange rate risk is mainly related to borrowings denominated in Hong Kong dollars and US dollars. Except for the Group's subsidiaries established in the Hong Kong Special Administrative Region and overseas, which are denominated in Hong Kong dollars, US dollars, British pounds and Renminbi, the other major businesses of the Company are in RMB. Pricing settlement.

As of December 31, 2018, the main foreign exchange risk exposures of the Company's foreign currency assets and liabilities are as follows:

| Projects | Foreign currency balance at the end of the period | Converted exchange rate | End of the period | Converted RMB balance | Initial foreign currency balance | Converted exchange rate | Initial translation of RMB balance |
|----------|---|-------------------------|-------------------|-----------------------|----------------------------------|-------------------------|------------------------------------|
|----------|---|-------------------------|-------------------|-----------------------|----------------------------------|-------------------------|------------------------------------|

| | | | | | | | |
|----------------|---------------|----------------|--|--|--|--|--|
| Monetary funds | – 2,171,557.5 | – 4,014,421.13 | | | | | |
|----------------|---------------|----------------|--|--|--|--|--|

| | | | | | | | |
|----------------|------------|--------|------------|--------|--------|----------|--|
| Of which: US\$ | 103,963.70 | 6.8632 | 713,523.67 | 507.86 | 6.9243 | 3,516.57 | |
|----------------|------------|--------|------------|--------|--------|----------|--|

| | | | | | | | |
|-----|--------------|--------|--------------|--------------|--------|--------------|--|
| HKD | 1,663,042.65 | 0.8762 | 1,457,157.97 | 4,798,249.29 | 0.8359 | 4,010,904.56 | |
|-----|--------------|--------|--------------|--------------|--------|--------------|--|

| | | | | | | | |
|---------|--------|--------|---|---|---|---|--|
| £100.95 | 8.6762 | 875.86 | — | — | — | — | |
|---------|--------|--------|---|---|---|---|--|

| | | | | | | | |
|-------------------|---|---|---------------|-----------|--------|-----------|--|
| Other receivables | — | — | 16,754,232.93 | 16,340.76 | 0.8359 | 13,659.40 | |
|-------------------|---|---|---------------|-----------|--------|-----------|--|

| | | | | | | | |
|----------------|---------------|--------|---------------|-----------|--------|-----------|--|
| Of which: HK\$ | 19,121,471.05 | 0.8762 | 16,754,232.93 | 16,340.76 | 0.8359 | 13,659.40 | |
|----------------|---------------|--------|---------------|-----------|--------|-----------|--|

| | | | | | | | |
|-------|-----------------|----------------|--|--|--|--|--|
| Total | – 18,925,790.43 | – 4,028,080.53 | | | | | |
|-------|-----------------|----------------|--|--|--|--|--|

(2) Interest rate risk The Company's interest rate risk mainly arises from long-term financial

assets such as short-term and long-term bank borrowings with long-term interest-bearing debts. Financial liabilities with floating interest rates expose the Company to cash flow interest rate risk. Financial liabilities and financial assets with fixed interest rates expose the Company to fair value interest rate risk. The company determines the relative proportion of fixed rate and floating rate contracts based on the market environment at the time.

The financial department of the company's headquarters continuously monitors the interest rate of the group. The rise in interest rates will increase the cost of new interest-bearing debts and the interest expenses of interest-bearing debts that have not been paid by the company at floating interest rates, and will have a significant adverse impact on the company's financial results. The management will rely on the latest market. The situation was adjusted in time.

The balance of short-term loans of the company at the end of the period¹⁹,

9, other

12. Related parties and related party transactions

1. The parent company of the company

Parent company name Registration place Business nature Registered capital Parent company's shareholding ratio to the company Parent company's voting rights to the company
Badachu Holdings Group Co., Ltd. Beijing Investment Management, Asset Management
30,000.00 million yuan 32.09% 32.09%

The description of the parent company of the company The ultimate controlling party of the enterprise is the State-owned Assets Supervision and Administration Commission of Haidian District, Beijing. other instructions:

2. The situation of the subsidiaries of the company

For details of the subsidiaries of the company, please refer to Note IX. Interests in other entities.

3. The situation of joint ventures and joint ventures of the enterprise

For details of the joint ventures or joint ventures of the enterprise, please refer to Note IX.

Interests in other entities. In the current period, there are related party transactions with the Company, or other joint ventures or joint ventures that have formed balances with related parties in the previous period as follows:

Joint venture or joint venture name and relationship with the company

other instructions

4. Other related parties

Other related party names Other related parties and the company's relationship

Beijing Haidian District State-owned Assets Investment Management Co., Ltd. holds 51% equity of Badachu Holding Group Co., Ltd.

Beijing Bada Division Real Estate Development Group Co., Ltd. Bada Branch Holdings Group Co., Ltd. wholly-owned subsidiary

Beijing Guoke New Industry Investment Co., Ltd. Bada Branch Holdings Group Co., Ltd. wholly-owned subsidiary

Tianjin Zhongjing Building Materials Co., Ltd. The company controlled by Zhang Jingming, director of Badachu Holding Group Co., Ltd.

Beijing Wanjiixin Property Management Co., Ltd. The company controlled by Zhang Jingming, director of Badachu Holding Group Co., Ltd.

Beijing Wanjiixin Building Decoration Co., Ltd. Beijing Wanjiixin Property Management Co., Ltd.

Beijing Yinye Jinhong Investment Partnership (Limited Partnership) Beijing Huasoft Jinhong

Asset Management Co., Ltd. is a general partner and Beijing Bada Branch Real Estate Development Group Co., Ltd. is a limited partner.

Beijing Badachu Decoration Engineering Co., Ltd. Badachu Holding Group Co., Ltd. holds 70% of the shares

Beijing Huayida Real Estate Co., Ltd. Beijing Bada Division Real Estate Development Group Co., Ltd. holds 51%

Jiangsu Huanyu Investment Development Co., Ltd. Shareholders holding more than 5% of the company's shares

Jiangsu Xinzhongtai Bridge Steel Structure Engineering Co., Ltd. A wholly-owned subsidiary disposed of in November 2017

Beijing Wanhui Landscaping Engineering Co., Ltd. The holding subsidiary of the controlling shareholder Badachu Holdings indirectly controlled

Tianjin Hongli Landscaping Engineering Co., Ltd. Holding subsidiary of the controlling shareholder Badachu Holdings indirectly controlled

Tianjin TEDA Construction Group Style Jinhai Real Estate Development Co., Ltd. Controlling Shareholders Bada Branch Holdings Indirect Controlled Holding Subsidiary

Tianjin TEDA Construction Group Co., Ltd. Zhongtian Real Estate Development Co., Ltd. other instructions

5. Related party transactions

(1) Related transactions for the purchase and sale of goods, provision and acceptance of labor services

Purchase of goods / acceptance of labor

unit: yuan

Related party related party transaction content of the current period The approved transaction amount exceeds the transaction amount.

Beijing Wanjiaxin Property Management Co., Ltd. Property Fee 17,577,354.33 18,821,470.32

Beijing Badachu Decoration Engineering Co., Ltd. renovation project management fee 5,225,225.22

Beijing Wanjiaxin Building Decoration Co., Ltd. Decoration project 65,282.55 1,101,209.28

Beijing Badachu Decoration Engineering Co., Ltd. Decoration project 5,115,500.00 125,697.00

Beijing Wanhui Landscaping Engineering Co., Ltd. Maintenance labor costs 80,000.00

Beijing Wanhui Landscaping Engineering Co., Ltd. Projects 9,811,818.19

Tianjin Hongli Landscaping Engineering Co., Ltd. Decoration Project 1,970,909.08

Beijing Wanjiaxin Property Management Co., Ltd. Water and electricity fee 415,780.25

Sale of goods / provision of labor

unit: yuan

Related party related party transaction amount

Beijing Huayida Real Estate Co., Ltd. Meal income 46,458.49 21,747.56

Beijing Badachu Real Estate Development Group Co., Ltd. Meal income 63,703.76 83,801.95

Beijing Wanjiaxin Property Management Co., Ltd. Meal income 135,783.04

Beijing Badachu Decoration Engineering Co., Ltd. Meal income 1,245.28

Beijing Haiguo Xintai Investment Holding Center Meal income 13,962.26

Description of related party transactions for the purchase and sale of goods, provision and acceptance of labor services

(2) Associated trusteeship management/contracting and entrusted management/outsourcing

The company's entrusted management / contracting situation:

unit: yuan

Principal/Shipper Name Trustee/Contractor Name Trusted/Contracted Asset Type
Trustee/Contracting Start Date Trustee/Contract Termination Date Custody Revenue/Contracted
Revenue Pricing Basis Custody Revenue/Contracted Income Confirmed in the Current Period
Related custody/contracting situation Description of the company's entrusted management /
outsourcing situation:

unit: yuan

Name of the entrusting party/declaration party Name of the entrusted party/contractor
Entrusted/unpacked asset type Entrusted/outsourcing start date Entrusted/unpacked termination
date Custody fee/outsourcing fee pricing basis Custody fee/fee confirmed in this period
Association management / outsourcing situation description

(3) Related leases

The company as a lessor:

unit: yuan

Name of the lessee Type of leased assets Lease income recognized in the current period Lease
income recognized in the previous period

The company as a lessee:

unit: yuan

Name of the lessor Type of the leased asset The lease fee confirmed in the current period The
lease fee confirmed in the previous period

Beijing Guoke New Industry Investment Co., Ltd. Housing Construction and Land Use Rights
7,056,825.40 3,529,166.18

Badachu Holdings Group Co., Ltd. House Building 755,798.75 118,773.33

Tianjin TEDA Construction Group Style Tianjin Overseas Real Estate Development Co., Ltd.
Building Construction 440,338.28

Tianjin TEDA Construction Group Style Zhongtian Real Estate Development Co., Ltd. Housing
Construction 2,891,655.14

Related lease description

(4) Related guarantees

The company as a guarantor

unit: yuan

Guaranteed party Guaranteed amount Guarantee start date Guaranteed due date Whether the
guarantee has been fulfilled

New Zhongtai 787,977,481.94 No

The company as the guarantor

unit: yuan

Guarantor Guarantee amount Guarantee start date Guarantee maturity date Whether the
guarantee has been fulfilled

Southern Heavy Industry 29,636,800.00 January 27, 2015 January 27, 2018

Southern Heavy Industry 120,000,000.00 April 11, 2017 April 11, 2018

Badachu Holdings Group Co., Ltd. 120,000,000.00 April 11, 2017 April 11, 2018

Badachu Holdings Group Co., Ltd. 100,000,000.00 June 12, 2017 December 29, 2018

Badachu Holdings Group Co., Ltd. 50,000,000.00 April 20, 2017 March 6, 2018

Badachu Holdings Group Co., Ltd. 200,000,000.00 November 18, 2016 April 30, 2019 No

Badachu Holdings Group Co., Ltd. 100,000,000.00 August 30, 2017 November 06, 2018

Badachu Holdings Group Co., Ltd. 1,300,000,000.00 June 29, 2018 June 29, 2035 No

Badachu Holdings Group Co., Ltd. 200,000,000.00 March 27, 2017 March 27, 2019 No
 The related guarantees indicate that in order to implement the transfer of the contractual body of the steel structure project, the company agreed to provide joint and several liability guarantees for some of the ongoing projects after the contract entity was changed to Xinzhongtai, and the total amount of the project contract provided by the guarantee was total. 787,977,481.94 yuan. This guarantee is conducive to the transfer of the contractual body of the steel structure project, and its guarantee does not adversely affect the company's operations. In order to ensure that the interests of listed companies are not damaged, Xinzhongtai and Zhongjing Building Materials provide counter guarantees for the above guarantees.

(5) Related party funds lending

unit: yuan

Related party Debit amount Starting date Expiration date Description

Pull in

Badachu Holdings Group Co., Ltd. 150,000,000.00 February 11, 2018 July 3, 2038 4.35%

Badachu Holdings Group Co., Ltd. 20,000,000.00 March 06, 2018 July 3, 2018 4.35%

Badachu Holdings Group Co., Ltd. 20,000,000.00 March 19, 2018 July 3, 2018 4.35%

Badachu Holdings Group Co., Ltd. 30,000,000.00 June 01, 2018 June 20, 2018 4.35%

Take out

6) Asset transfer and debt restructuring of related parties

unit: yuan

Related party related party transaction amount

(7) Remuneration of key management personnel

unit: yuan

The amount of the current period

Key management personnel remuneration 4,192,636.11 5,421,111.25

(8) Other related transactions

6. Related party receivables and payables

(1) Receivable items

unit: yuan

Project Name Related Party Ending Balance Opening Balance

Book balance bad debt provision book balance bad debt provision

Accounts receivable Beijing Bada Division Real Estate Development Group Co., Ltd. 7,348.00

367.40 15,584.00 779.20

Accounts receivable Beijing Wanjiaxin Property Management Co., Ltd. 3,000.00 150.00

Other receivables Tianjin Zhongjing Building Materials 169,577.07 8,478.85

(2) Projects payable

unit: yuan

Ltd. Project Name

Project Name Related Party Final Book Balance Initial Book Balance

Accounts payable Beijing Wanjiaxin Property Management Co., Ltd. 84,905.66 3,484,905.66

Accounts payable Beijing Wanjiaxin Building Decoration Co., Ltd. 55,548.06 54,054.06

Other payables Beijing Yinye Jinhong Investment Partnership (Limited Partnership)

16,520,660.00 16,520,660.00

Other payables Jiangsu Xinzhongtai Bridge Steel Structure Engineering Co., Ltd. 92,623.92

Other payables Badachu Holdings Group Co., Ltd. 874,572.08 118,773.33
 Accounts payable Beijing Badachu Decoration Engineering Co., Ltd. 155,070.00
 Accounts payable Beijing Wanhui Landscaping Engineering Co., Ltd. 2,191,818.19
 Accounts payable Beijing Guoke New Industry Investment Co., Ltd. 396,825.40
 Accounts payable Tianjin Hongli Landscaping Engineering Co., Ltd. 1,027,272.73
 Accounts payable Tianjin TEDA Construction Group Style Tianjin Overseas Real Estate Development Co., Ltd. 440,338.28
 Accounts payable Tianjin TEDA Construction Group Style Zhongtian Real Estate Development Co., Ltd. 2,891,655.14
 Dividend payable Jiangsu Huanyu Investment Development Co., Ltd. 425,485.61 425,485.61

7. Related party commitment

8, other

13. Share-based payment

1. Overall situation of share payment

Applicable Not applicable

2. Equity-settled share-based payment

Applicable Not applicable

3. Cash-settled share-based payment

Applicable Not applicable

4. Modification and termination of share payment

5, other

14. Commitments and contingent events

1. Important commitments

Important Commitments on the Balance Sheet Date As of December 31, 2018, the Company had no significant commitments to disclose.

2. Contingencies

(1) Important contingent events on the balance sheet date

1 The pending lawsuit of the original bridge steel structure business

A. The company and Guangxi Xizhou Sijiang Fourth Bridge Project Investment Management Co., Ltd., Hongyu Construction Group Company, Xu Yizhen, Xu Zhigang, Liu Feng Construction Engineering Contract Lawsuit, accepted by Guangxi Higher Court, decided to suspend after August 17, 2016 The lawsuit has not been resumed as of the reporting date.

B. The lawsuit of the company and Chongqing Donggang Shipbuilding Industry Co., Ltd. is in the process of trial as of the reporting date.

The company and Xinzhongtai signed the "Asset Transfer Agreement" on the sinking of the steel structure assets of the bridge, and the contracted assets were mortgaged, pledged, frozen, sealed and other rights were restricted, or litigation, arbitration or administrative punishments were involved. Every effort is made to eliminate the above-mentioned restricted rights and properly handle litigation, arbitration or administrative penalties, and the results are borne by Xinzhongtai. If the company suffers any loss or expenses due to the above circumstances, Xinzhongtai shall compensate. 2 Except for the above matters, as of December 31, 2018, the company has no other major contingent events that need to be disclosed.

(2) The company has no important contingent issues that need to be disclosed, and should also be explained

The company does not have important contingent issues that need to be disclosed.

3, other

15. Events after the balance sheet date

1. Important non-adjusting matters

unit: yuan

Project Content Impact on financial status and operating results The reason for the inability to estimate the number of impacts

2. Profit distribution

unit: yuan

3, sales returned

4. Description of events after the other balance sheet date

As of April 17, 2019, the company has no other major post-balance sheet events that need to be disclosed.

16. Other important matters

1. Correction of previous accounting errors

(1) Retrospective restatement

unit: yuan

Corrected contents of accounting errors Handlers Reported project names affected during each comparison period Cumulative impacts

(2) Future applicable law

Correction of Accounting Errors Approval Process Reasons for Adopting Future Applicable Law

2. Debt restructuring 3. Asset replacement

(1) Non-monetary asset exchange

(2) Other asset replacement

4. Annuity plan 5. Termination of business

unit: yuan

Project Revenue Expenses Total Profits Income Tax Expenses Net Profits Termination of operating profits attributable to owners of the parent company

other instructions

6. Segment information

(1) Determination basis and accounting policy of the report segment

(2) Financial information of the report segment

unit: yuan

Project Inter-segment offset

(3) If the company has no reportable divisions, or cannot disclose the total assets and total liabilities of each reportable segment, it should explain the reasons (4) Other explanations

7. Other important transactions and events that have an impact on investor decision-making

8, other

(1) According to the current "People's Republic of China Private Education Promotion Law", the organizers of non-profit private schools may not obtain school income, and the school's school balances are all used for running schools. Both Chaoyang School and Haidian School were registered as non-profit private schools. The total balance of schooling during the reporting period was RMB 594,200, and the accumulated school balance at the end of the reporting period was RMB -37,770,800. (2) Except for the above matters, as of December 31, 2018, the company has no other important matters that need to be disclosed.

XVII. Notes on the main items of the financial statements of the parent company

1. Notes receivable and accounts receivable

unit: yuan

Project ending balance

(1) Notes receivable

1) Classification of notes receivable

unit: yuan

Project ending balance

2) Notes receivable that the company has pledged at the end of the period

unit: yuan

Item End of the deposit

3) Notes receivable that the company has endorsed or discounted and has not yet expired on the balance sheet date

unit: yuan

Project Ending confirmation amount at the end of the period

4) At the end of the period, the company transferred the notes to the accounts receivable due to the failure of the drawer to perform.

unit: yuan

Project transfer amount of accounts receivable at the end of the period

other instructions

(2) Accounts receivable

1) Disclosure of accounts receivable

unit: yuan

Category Ending balance Opening balance

Book balance bad debt provision book value book balance bad debt provision book value

Amount Proportion Amount Amount Amount Proportion Amount Amount Proportion

Accounts receivable with significant single amount and single provision for bad debts at the end of the period:

Applicable Accounts receivable for bad debt provision by aging analysis in the non-applicable portfolio:

Applicable Accounts receivable for bad debt provision using the balance percentage method in the non-applicable portfolio:

Applicable Accounts receivable for bad debt provision using other methods in the non-applicable portfolio:

2) Provision for bad debts withdrawn, recovered or reversed in the current period. Provision for bad debts in the current period; in the current period, the amount of bad debts is recovered or transferred back. Among them, the amount of bad debts prepared for recovery or reversal in the current period is important:

unit: yuan

Unit name Recover or transfer back amount

3) Accounts receivable actually written off during the period

unit: yuan

Project write-off amount

Among them, the important write-off of accounts receivable:

unit: yuan

Unit Name Nature of Accounts Receivable Verification amount Reason for write-off Reason for write-off of performance Whether the money is generated by related party transactions

Accounts receivable write-off instructions:

4) Accounts receivables of the top five ending balances according to the balance of the arrears 5)

Receivables derecognised due to the transfer of financial assets 6) Transfer of accounts receivable and continue to involve the formation of assets and liabilities Other description of the amount:

2. Other receivables

unit: yuan

Project ending balance

Other receivables 1,883,239,779.97 2,566,097,696.88

Total 1,883,239,779.97 2,566,097,696.88

(1) Interest receivable

1) Interest classification

unit: yuan

Project ending balance

2) Important overdue interest

unit: yuan

Borrower Unit Ending Balance Overdue Time Overdue Reason Whether the impairment occurred and its judgment basis

other instructions:

(2) Dividends receivable

1) Dividends receivable

unit: yuan

Project (or invested unit) ending balance

2) Important dividends receivable for more than one year

unit: yuan

Project (or invested entity) Ending balance Aging Reasons for unrecovered Whether impairment occurs and the basis for judgment

other instructions:

(3) Other receivables

1) Disclosure of other receivables

unit: yuan

Category Ending balance Opening balance

Book balance bad debt provision book value book balance bad debt provision book value

Amount Proportion Amount Amount Amount Proportion Amount Amount Proportion

Other receivables for provision for bad debts based on credit risk characteristics combination

1,883,239,779.97 100.00% 1,883,239,779.97 2,566,106,175.73 100.00% 8,478.85

2,566,097,696.88

Total 1,883,239,779.97 100.00% 1,883,239,779.97 2,566,106,175.73 100.00% 8,478.85

2,566,097,696.88

Other receivables with significant single amount and single provision for bad debts at the end of the period:

Applicable Other receivables for bad debt provision by aging analysis in the non-applicable portfolio:

Applicable In the non-applicable combination, other receivables with provision for bad debts using the balance percentage method:

Applicable Other receivables for which bad debt provision is made by other methods in the non-applicable combination:

√ Applicable □ In the non-applicable portfolio, other receivables with provision for bad debts by nature of the payment

Other receivables (by unit)

Other receivables, bad debt provision, accrual ratio, accrual reason

Wenhua Xuexin 1,187,734,814.64 — — Do not accrue bad debts within the scope of the merger

Wen Kaixing 373,555,415.33 — — Do not accrue bad debts within the scope of the merger

Kevin Zhixin 313,949,550.00 — — Do not accrue bad debts within the scope of the merger

Kai Literature Letter 8,000,000.00 — — No credits are accrued during the merger

Total 1,883,239,779.97 —

2) Provision for bad debts withdrawn, recovered or reversed in the current period The amount of bad debt provision for the current period is RMB -8,478.85; in the current period, the amount of bad debts is recovered or transferred back to RMB 0.00. Among them, the amount of bad debts prepared for the current period is important to be transferred back or recovered:

unit: yuan

Unit name Return or recovery amount

3) Other receivables actually written off during the period

unit: yuan

Project write-off amount

Among the important other receivables written off:

unit: yuan

Unit name The nature of other receivables Verification amount Reason for write-off Reason for write-off of performance Whether the money is generated by related party transactions

Other receivables write-off instructions:

4) Other receivables are classified according to the nature of the payment

unit: yuan

Nature of the balance Book balance at the beginning of the period

Contacts 1,883,239,779.97 2,565,936,598.66

Compensation for equity transfer 169,577.07

Total 1,883,239,779.97 2,566,106,175.73

5) Other receivables of the top five ending balances according to the arrears

unit: yuan

Unit name The nature of the payment The ending balance The age of the total balance of other receivables at the end of the period Balance of bad debts

Wenhua Xuexin Internal Remittance 1,187,734,814.64 Within 1 year 63.07%

Wen Kaixing internal transactions 373,555,415.33 within 1 year 19.84%

Kevin Zhixin Internal Remittance 313,949,550.00 Within 1 year 16.67%

Kai Literature Letter Internal Remittance 8,000,000.00 Within 1 year 0.42%

Total -- 1,883,239,779.97 -- 100.00%

6) Receivables involving government subsidies

unit: yuan

Unit Name Government Subsidy Project Name Ending Balance Final Period Aging Estimated Time, Amount and Basis

7) Other receivables that are derecognised due to the transfer of financial assets 8) Other notes on the amount of assets and liabilities that are transferred from other receivables and continue to be involved:

3. Long-term equity investment

unit: yuan

Project ending balance

| Book balance | Depreciation reserve | Book value | Book balance | Depreciation reserve | Book value |
|----------------------------|----------------------|----------------|--------------|----------------------|------------|
| Investment in subsidiaries | 227,241,818.69 | 227,241,818.69 | 9,000,000.00 | 9,000,000.00 | |
| Total | 227,241,818.69 | 227,241,818.69 | 9,000,000.00 | 9,000,000.00 | |

(1) Investment in subsidiaries

unit: yuan

The initial balance of the investee, the current period, the current period, the current period, the decrease, the ending balance, the current provision for impairment, the end of the impairment provision.

| | | |
|-----------------------|----------------|----------------|
| Wenhua Xuexin | 9,000,000.00 | 9,000,000.00 |
| Kevin Zhixin | 165,206,600.00 | 165,206,600.00 |
| Kevin Ruixin | 32,020,000.00 | 32,020,000.00 |
| Kai Literature Letter | 19,955,600.00 | 19,955,600.00 |
| Kai Yu Xin De | 1,059,618.69 | 1,059,618.69 |
| Total | 9,000,000.00 | 218,241,818.69 |

(2) Investment in joint ventures and joint ventures

unit: yuan

| Investment unit | Opening balance | Change or decrease in the current period | Ending balance |
|-------------------------------------|-----------------|--|----------------|
| Depreciation reserve ending balance | | | |

| Additional investment | Reduced investment | Investment gains and losses recognized under equity method | Other comprehensive income adjustment | Other equity changes | Announce cash dividends or profits | Provision for impairment losses | Others |
|------------------------|--------------------|--|---------------------------------------|----------------------|------------------------------------|---------------------------------|--------|
| I. Joint venture | | | | | | | |
| Second, joint ventures | | | | | | | |

I. Joint venture

Second, joint ventures

(3) Other instructions

The long-term equity investment at the end of the period increased significantly compared with the beginning of the period, mainly due to the company's acquisition of equity in subsidiaries.

4. Operating income and operating costs

unit: yuan

The amount of the current period

Income cost income cost

| | | |
|---------------|----------------|----------------|
| Main business | 202,978,559.36 | 189,076,493.57 |
|---------------|----------------|----------------|

| | | |
|----------------|---------------|---------------|
| Other business | 74,508,636.80 | 73,394,755.58 |
|----------------|---------------|---------------|

| | | |
|-------|----------------|----------------|
| Total | 277,487,196.16 | 262,471,249.15 |
|-------|----------------|----------------|

other instructions:

The operating income and operating costs of the current period decreased significantly compared with the previous period, mainly due to the disposal of the bridge steel structure business.

5. Investment income

unit: yuan

The amount of the current period

| | |
|---|----------------|
| Investment income from disposal of long-term equity investments | 181,670,412.26 |
|---|----------------|

| | | |
|---------------------------------------|------------|--------------|
| Bank wealth management product income | 529,941.43 | 2,196,024.82 |
|---------------------------------------|------------|--------------|

| | | |
|-------|------------|----------------|
| Total | 529,941.43 | 183,866,437.08 |
|-------|------------|----------------|

6, other

18. Supplementary information

1. Current non-recurring profit and loss statement

Applicable Not applicable

unit: yuan

| Item | Amount | Description |
|------|--------|---|
| | | Non-current assets disposal gains and losses -861.58 |
| | | Government subsidies included in the current profit and loss (except for government subsidies that are closely related to the business of the enterprise, in accordance with national uniform standards) 1,603,964.50 |
| | | The capital occupation fee charged to non-financial enterprises included in the current profit and loss 8,430,817.62 |
| | | Entrust others to invest or manage the profit and loss of assets 823,966.55 |
| | | Other non-operating income and expenses other than the above -203,126.17 |
| | | Less: Income tax impact 2,663,690.23 |
| | | Minority shareholders' equity impact amount 96,112.26 |
| | | Total 7,894,958.43 -- |
| | | Non-recurring gains and losses items defined by the company in accordance with the definition of "Interpretive Announcement of Information Disclosure of Companies That Offer Securities to the Public No. 1 – Non-recurring Gains and Losses", and the Interpretive Announcement No. 1 of the Company Information Disclosure of Public Offering Securities Non-recurring profit and loss items listed in – Non-recurring gains and losses are defined as items of recurring profit and loss and should explain why. <input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable |

2. Return on net assets and earnings per share

Reporting period profit weighted average return on equity earnings per share

Basic earnings per share (yuan/share) diluted earnings per share (yuan/share)

Net profit attributable to ordinary shareholders of the company -4.55% -0.20 -0.20

Net profit attributable to ordinary shareholders of the company after deducting non-recurring gains and losses -4.91% -0.21 -0.21

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 international accounting standards and in accordance with Chinese accounting standards

Applicable Not applicable

(2) Differences in net profit and net assets in financial reports disclosed in accordance with overseas accounting standards and in accordance with Chinese accounting standards

Applicable Not applicable

(3) Reasons for differences in accounting data under domestic and overseas accounting standards: If the data of the audits of overseas audit institutions have been adjusted for differences, the name of the foreign institution shall be indicated.

Section 12 Documents for reference

(1) The original 2018 annual report containing the signature of the legal representative of the company and the company's seal; (2) the financial statements signed and sealed by the person in charge of the company, the person in charge of accounting work, and the person in charge of the accounting department; The original of the audit report with the seal of the accounting firm and the signature and seal of the certified public accountant; (4) The original of all the company documents and the original of the announcement publicly disclosed on the designated website of the China Securities Regulatory Commission during the reporting period.

Legal representative of Beijing Kaiwen Dexin Education Technology Co., Ltd.: Xu Guangyu
April 17, 2019