

OFFCN EDUCATION TECHNOLOGY CO., LTD.

Performance Estimate for 2021

The Company and all the directors confirm that the information disclosed is true, accurate, complete and with no false recording, misleading statement or material omission.

The Company's Performance Estimate for 2021 is prepared and published in Chinese version, and the English version is for reference only. Should there be any inconsistency between the Chinese version and English version, the Chinese version shall prevail.

I. Performance Estimate

1. Estimate period:

January 1, 2021 - December 31, 2021

2. Estimated performance: Decrease compared with the last period

Item	Current reporting period	Same period of last year
Net profit attributable to the shareholders of the listed Company	Losses: RMB 2,000.00 million - RMB 2,400.00 million	Profit: RMB 2,304.3577million
Net profit after deducting non-recurring gains and losses	Losses: RMB 2,120.00 million - RMB 2,520.00 million	Profit: RMB 1,867.2895million
Basic earnings per share (RMB/share)	Losses: RMB 0.32/ share - RMB 0.39 / share	Profit: RMB 0.37 / share

II. Pre-audit of the estimated performance

The Company has pre-communicated with the accounting firm on the major matters related to the estimated performance. There are no significant differences between the Company and the accounting firm on the estimated performance of this reporting period. The estimated result above is only preliminary calculation performed by the financial department of the Company. It has not been pre-audited nor reviewed by certified accountants.

III. Statement for performance variation

During the reporting period, the net profit attributable to the shareholders of the Company in 2021 is estimated to be a loss of RMB 2 billion to RMB 2.4 billion, a decrease of 186.79% to 204.15% compared with the profit of RMB 2.30 billion in 2020. The main influencing factors include the lower-than-expected business receipts, the rapid growth of tuition refunds, the sharp decline of operating income, and the growth of total operating costs at a high level, etc. Details are specified as follows:

1. The business receipts are lower than expected. The continuous spread of COVID-19 in 2021 impacted China's economy and the development of all walks of life including the training industry of talent recruitment in varying degrees. Under the circumstances of cyclical fluctuations of exams, shrinking market demand, and students' weakening willingness to attend training, the Company's business receipts in 2021 were far lower than expected. On the one hand, due to the impact of the economic environment and the pandemic, students tended to reduce their budgets for training, and their willingness to pay for high-end training products weakened, resulting in a shrinking market as a whole; on the other hand, compared with the substantial expansion of recruitment in 2020, the number of candidates recruited in provincial civil servant recruitment, public institution recruitment and teachers recruitment in 2021, which are the core training sectors of the Company, all decreased to some degree. Influenced by the pandemic, the recruitment examinations scheduled in some areas were advanced or canceled, which leading to a shrinking demand for training in the market and a decrease in the number of long-term training products. The training business income of the Company in 2021 is estimated to be RMB 19 billion to RMB 21 billion, a decrease of 20.66%-12.31% from RMB 23.95 billion in 2020.

2. Refund rate grew rapidly. Due to the intensified market competition, to stabilize the market share, and to facilitate the new channels and outlets expanding their local markets, the Company enhanced the proportion of the high-tuition-refund agreement courses in its products in 2021. With the decreased recruitment vacancies and increased number of applicants, the average competitive pressure in the industry was intensified and the average passing rate dropped sharply, thus causing a high growth of tuition refunds as a whole for the Company in 2021 compared with 2020. Meanwhile, with the cross-year tuition refunds for students who signed up the agreement courses in Q4 of 2020, the tuition refunds across the whole year of 2021 is estimated to be RMB 14 billion to RMB 16 billion, an increase of 39.87%-59.86% from RMB 10.01 billion in 2020.

3. Operating income significantly declined. Due to the negative impact of the decline of business receipts and the increase of tuition refunds, the Company is expected to achieve operating income of RMB 6.9 billion to RMB 7.3 billion in 2021, with a decrease of 38.41%-34.84% from RMB 11.20 billion in 2020. The significant decrease in operating income is the main reason for the Company's loss in 2021.

4. Total operating cost kept growing at a high level. As the total operating income significantly declined, the total cost remained high with slight growth. In the first half of 2021, the competition in vocational education industry intensified. In order to avoid the loss of talents, the Company conducted sustained strategic investments. During the reporting period, the number of employees and the scale of business outlets both reached a historically high level, which objectively increased the operating cost of the Company. In the second half of the year, though the Company kept reducing its operating cost, the contribution to the margin was limited. Faced with a high pressure of employee compensation and other fixed cost, the Company is expected to experience a slight increase of the total operating cost in 2021 from 2020. It is projected that the Company's total operating cost in 2021 will reach RMB 9.30 billion to 9.70 billion, an increase of 1.61% to 5.98% from RMB 9.15 billion in 2020.

During the reporting period, the Company suffered a huge loss in operation. The main reason is that under the background of high growth in business over the past years, the fixed cost kept increasing from the rapid growth in the number of personnel and business outlets. Meanwhile, the Company's management team underestimated the market situation including the continuous impact of the pandemic, shrinking market demand and intensified market competition. The team didn't adjust the business plan in time, and as well underestimated the situation of a significant drop in the average passing rate and a sharp increase of tuition refunds. These problems exposed the Company's inefficiency in strategic judgment and fast response to the changing market during post pandemic time, as well as the shortcomings of internal management and organizational structure. In this regard, the Company's management team conducted a comprehensive and in-depth review and reflection.

In the future, the Company's management team will actively rectify the problems in business over the past year, make up for the deficiencies in management, improve budget work and fully launch the 2022 business boost plan. Five measures, including overall adjustment of product structure, internal optimization of cost reduction and efficiency enhancement, Amoeba business reform, accelerated integration of online and offline business, and rapid layout of new business of vocational education, will be taken to lead the Company back on track as soon as possible.

IV. Other Remarks

The estimated result above is only preliminary calculation performed by the financial department of the Company. For the specific financial information, please refer to *the Annual Report 2021*, which to be duly disclosed by the Company. Investors are reminded to exercise caution when making investment decisions.

Hereby announced.

The Board of Directors of OFFCN Education Technology Co., Ltd.

January 28, 2022