

GSX Refutes Muddy Waters Research's Follow Up Report

NEWS PROVIDED BY
GSX Techedu Inc. →
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BEIJING, May 29, 2020 /PRNewswire/ -- GSX Techedu Inc. (NYSE: GSX) ("GSX" or the "Company"), a leading online K-12 large-class after-school tutoring service provider in China, today refuted the false allegations in Muddy Waters Research's latest 6-page report, dated May 28, 2020. After thoroughly analyzing the report, the Company would like to respond to some of the specific allegations:

1. Missing "agent_id", "agent_policy", and "timestamp"

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Picture 1: Log Screenshot from the Input Server



The missing "agent_id" and "agent_policy" that Muddy Waters alleges are indexing and message processing codes added by an output server, not included in the input server. Datasets stay unprocessed in the input server (picture 1) until they get processed by the output server (picture 2), but both lead to the same conclusion, which proves the allegations on bot behaviors from Muddy Waters are wrong.

The Company herein displays a log screenshot (picture 2) from the same output server as Muddy Waters does, which includes "agent_id", "agent_policy", and "timestamp", and validates the accuracy of GSX's previous responses.

2. Precise Joiners, GSX IP Joiners, Burst Joiners and Early Joiners

The Company already provided detailed clarifications on those user behaviors in the previous press release.

3. Job posts for engineers to develop and maintain cellphones

GSX's staff rely heavily on cellphones to communicate daily with students and parents. In line with the rapid growth in both students and employees, the Company requires enough engineers to conduct daily maintenance of cellphones, to improve communications efficiency and enhance cost control. That work has nothing to do with maintaining bot farms.

GSX remains committed to maintaining the highest standards of corporate governance, as well as transparent and timely disclosure in compliance with the applicable rules and regulations of the SEC and the NYSE. The Company remains focused on further developing its business, better serving its students, and creating value for shareholders over the long term.

Safe Harbor Statement

This announcement contains forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. GSX may also make written or oral forward-looking statements in its reports filed with, or furnished to, the U.S. Securities and Exchange Commission, in its annual reports to shareholders, in press releases

and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about the Company's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement. Further information regarding these and other risks is included in the Company's reports filed with, or furnished to the U.S. Securities and Exchange Commission. All information provided in this press release and in the attachments is as of the date of this press release, and GSX undertakes no duty to update such information or any forward-looking statement, except as required under applicable law.

About GSX

GSX is a technology-driven education company and leading online K-12 large-class after-school tutoring service provider in China. GSX offers K-12 courses covering all primary and secondary grades as well as foreign language, professional and interest courses. GSX adopts an online live large-class format to deliver its courses, which the Company believes is the most effective and scalable model to disseminate scarce high-quality teaching resources to aspiring students in China. Big data analytics permeates each aspect of the Company's business and facilitates the application of the latest technology to improve teaching delivery, student learning experience, and operational efficiency.

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