

Centre Testing International Group Co., Ltd.

Annual Report 2022

2023-019

April 25, 2023

Annual Report 2022

Section I Important Particulars, Table of Contents, and Definition

The Board of Directors, Board of Supervisors, directors, supervisors and senior executives of the Company guarantee that the Annual Report is truthful, accurate and complete, without any false record, misleading statement or significant omission, and assume joint and several legal liabilities therefrom.

Wan Feng, Chairman of the Company, Wang Hao, person in charge of accounting, and Li Yanhong, person in charge of accounting organization (accounting supervisor), hereby declare to assure the truthfulness, accuracy and integrity of the Financial Reports in the Annual Report.

All directors attended the Board Meeting at which this Report was reviewed.

In this Report, the forward-looking descriptions concerning future plans, development strategies, etc. do not constitute any substantial commitment of the Company to investors. Investors and related parties shall maintain adequate risk awareness, and understand the differences among plan, forecast and commitment.

1. Risk of credibility and brand being affected by adverse events

Credibility and brand are the motivational force for the sustainable development of the Company as a testing and certification body, as well as the foundation of its business survival. It is only possible for the Company to gradually expand its market share and gain a favorable position in market

competition when customers recognize its technology and impartiality. Once credibility and brand are impaired by quality problems, the Company will lose customers, along with impact on business development and profitability. Under severe circumstances, the Company might be disqualified for certification & testing, impeding its continued operations.

The Company places great importance to the maintenance of credibility and brand, actively advocates integrity-based values, and has established a sound internal quality management system to ensure the truthfulness and accuracy of test reports and continuously improve the quality of test services. The Company has established the *Measures for Group Quality Supervision and Management*, the *Measures for Laboratory Quality Supervision and Management*, and the *Measures for Quality Professionals Management* according to ISO/IEC 17025, ISO/IEC 17020, the *Criteria for Accreditation of Laboratory Qualification* and other requirements with a view to regulate the quality supervision of the Group, to ensure that the testing/calibration activities carried out by laboratories comply with laws and regulations, the standards and rules of China National Accreditation Service for Conformity Assessment (CNAS) and China Metrology Accreditation (CMA) and to reduce quality risks. The QHSE Department of the Group is responsible for quality management and control as a whole, and the Group has vertical control over quality, health, safety and environment. The business divisions, subsidiaries and operational units additionally establish relevant regulations and

strengthen quality control, depending on their business characteristics. Ensuring the continuous improvement in quality professionals' capabilities is an important approach for quality management and control. In 2022, the Company introduced the External Reviewer Incentive Management System to encourage employees to join external reviewers, broaden their horizons, pursue diversified values, and improve skills, bringing them to a new height. During the reporting period, the Group held a total of 23 offline quality training sessions, including Laboratory Accreditation/Qualification Certification Internal Auditor Training and Quality Supervisor Training. A total of 692 employees participated in the offline quality training, with a total of 7,472 hours of training hours and a satisfaction rate of 94.39%. The Group held a total of 9 online live training sessions, including courses such as Internal Double Random Training and Promotion and Implementation of Group Quality Supervision and Inspection Management Measures. A total of 923 employees participated in the online quality training, with a total of 3,291 training hours and a satisfaction rate of 96.36%. The Group also delivered multiple training sessions via recorded videos, with a total of 37,765 participants and 16,279.92 training hours.

"Integrity" is at the top of the Company's values, and "independence," "fairness" and "honesty" are the essential requirements for business. The Company has established the procedures for assuring Independence, Fairness and Honesty and the Administrative Procedures for the Fairness of

Certification Activities to ensure the independence and impartiality of all the Company's inspection and testing efforts, and insist on independent, objective, and truthful reporting of testing and calibration free from external influence. The Company has established an Impartiality Maintenance Committee to regulate and supervise the fairness of certification services. The Impartiality Maintenance Committee supervises and reviews certification work in accordance with the Operational Procedures of the Impartiality Maintenance Committee. Through regular training, we keep certification professionals abreast of certification regulations and educate them on professional ethics and code of conduct. The Employee Handbook has also specified the disciplinary rules for soliciting or accepting bribes, kickbacks or illegal benefits.

The Company has established the Clean Governance Handbook, added and strengthened provisions on anti-corruption and anti-commercial bribery in the Code of Business Conduct in line with the United Nations Convention against Corruption and other international treaties and practices, Transparency International's technical guides for clean governance, national laws and regulations and customers' clean governance requirements. By operating and developing under high-standard morality, the Company aims to defend the brand philosophy and credibility value treasured by the Company from beginning to end by means of regulation and technology.

2. Market and policy risks

The testing industry is guided by policies. With the development of the testing industry worldwide, the testing mechanisms in different countries are increasingly consistent, i.e., the government or industry association manages testing bodies through market access rules such as assessment and approval, to market testing and conformity assessment services, improve service quality and promote the industrial development. Independent testing bodies are engaged in market-oriented operations based on the services they provide and as required by clients. Service charges are determined by both sides through negotiation. The testing industry in China, which has long been influenced by the planned economic system, is urged by the international community to speed up the opening of the service market after accession to the WTO. Therefore, the domestic testing industry is in urgent need of industry standards that are aligned with international rules to regulate and restrict industrial behaviors. Although open market-oriented development has been acknowledged by national policies, there may still be some policies and regulations that may hinder the market-oriented development of the industry. Uncertainties in the degree of openness granted by the government to testing persist, posing a certain degree of risk to the Company.

In view of such risk, the Company has set up a special department to be responsible for keeping close track of the policies of competent administrations, regularly reporting to the management, and proactively dealing with potential policy risks.

3. Decision-making risk in M&A and integration risk after M&A

The testing and certification industry is segmented, stretching over multiple sectors. Each segment is relatively independent, which makes fast replication difficult. It is a common practice for international testing and certification giants to quickly establish presence in new fields through M&A, which is also one of the long-term development strategies of the Company. There are substantial risks in both the selection of M&A targets and the integration after M&A.

Adhering to the principle of prudence, the Company will make a sufficient demonstration through detailed due diligence in the early stage of M&A, strategically select appropriate industries and desirable targets at home and abroad, and make an adequate analysis of return on investment (ROI). To enhance post-investment management, the Company continuously follows up on whether or not the investment is in line with the plan and expectation by introducing professional talent with integration capabilities for collaborative management and operation. In view of the risk concerning M&A, the Investment Department has summarized the risks in the Company's historical investment and M&A transactions, as well as key points of negotiation and standard terms of equity agreements and compiled such into the SPA checklist and the Key Issues and Solutions of M&A, which are subject to regular updates. In the Articles of Association, the Work Rules of the Strategy and M&A Committee of the Board of Directors, and other regulations, material

investment matters are managed by the Operation and Management Committee of the Group, which shall prove the feasibility of projects; according to the decision-making authority, material investment matters are submitted to the Strategy and M&A Committee of the Board of Directors, the Board of Directors and the General Shareholders' Meeting for deliberation. This improves the scientificity and quality of major investment decisions of the Company. In response to the risk in post-investment management, the Financial and HR Departments have talent reserves, and experts are recruited to the lean team to lay the foundation for lean management in the future.

4. Risk associated to an investment falling short of expectation

The testing industry has a first mover advantage. In order to establish presence across the national testing market at a faster pace, in recent years the Company has built a number of international or domestic leading laboratories or testing bases. As continuous technological innovation is seen in industries such as new energy, new materials, high-end equipment, artificial intelligence, and life health, it also brings more opportunities and challenges to the testing sector. The Company has hence increased investment in healthcare, new materials testing, semiconductor chips, rail transit, new energy vehicles (NEVs) and Internet of Vehicles (IoV) and other fields, seeing them as major growth pillars in the medium and long term. A laboratory can be put into formal operation only after construction, decoration, personnel recruitment, equipment purchase and qualification review. And it also takes a certain

period to achieve the profit and loss balance. The profits of the Company might be impacted by the failure of new laboratories to meet expectations. In the future, the Company will focus on new laboratories, promote their operational efficiency and gradually release their production capacity, so that they can scale up and contribute to a steady growth of revenue and profit.

The Company controls the total amount of investment through budget management, makes a detailed analysis of return on investment (ROI), evaluates the reasonableness and necessity of each investment, and properly controls the pace of investment.

The profit distribution plan of the Company approved by the current Board of Directors is: to distribute RMB 0.6 (including tax) in cash dividends and 0 bonus share (including tax) to all shareholders for every 10 shares based on 1,679,828,214 shares which constitute total capital stock as at December 31, 2022, and increase 0 shares by converting capital reserves into share capital for every 10 shares held by all shareholders.

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List of Documents for Reference

(I) Financial statements signed and sealed by Wan Feng, the legal representative, Wang Hao, the person in charge of accounting, and Li Yanhong, the person in charge of accounting organization.

(II) Originals of audit reports sealed by accounting firms and signed and sealed by certified accountants.

(III) The Annual Report 2022 signed by Mr. Wan Feng, the legal representative.

(IV) Originals of all documents and announcements of the Company publicly disclosed on websites designated by China Securities Regulatory Commission (CSRC) during the reporting period.

(V) Other relevant information.

Definition

Term	refers to	Definition
Company, the Company or CTI	refers to	Centre Testing International Group Co., Ltd.
Shareholder or General Shareholders' Meeting	refers to	Shareholder or General Shareholders' Meeting of Centre Testing International Group Co., Ltd.
Director or Board of Directors	refers to	Director or Board of Directors of Centre Testing International Group Co., Ltd.
Supervisor or Board of Supervisors	refers to	Supervisor or Board of Supervisors of Centre Testing International Group Co., Ltd.
Articles of Association	refers to	Articles of Association of Centre Testing International Group Co., Ltd.
Third-party testing body	refers to	An impartial non-governmental testing body independent of the interests and legal capacity of any party to any trade, transaction, deal, cooperation and dispute. The third-party testing body tests independently and fairly in accordance with applicable standards, contracts or agreements in various industries. The testing process and results are not subject to the impact of clients and other external parties.
CSRC	refers to	China Securities Regulatory Commission
SZSE	refers to	Shenzhen Stock Exchange
Reporting period/the same period in the previous year	refers to	January 1, 2022 to December 31, 2022/January 1, 2021 to December 31, 2021
RMB/RMB 10,000/RMB 100,000,000	refers to	An amount denominated in RMB

Section II Company Profile and Key Financial Indicators

I. Company profile

Stock abbreviation	CTI	Stock code	300012
Company name in Chinese	Centre Testing International Group Co., Ltd.		
Abbreviated Company name in Chinese	CTI		
Company name in foreign language (if any)	Centre Testing International Group Co. Ltd.		
Abbreviated Company name in foreign language (if any)	CTI		
Legal representative	Wan Feng		
Registered address	Room 101, No.1 CTI Building, Xingdong Community, Xin'an Sub-district, Bao'an District, Shenzhen		
Postal code of registered address	518101		
Historical changes to registered address	On August 8, 2018, the registered address was changed from 1/F, Building C, Hongwei Industrial Park, No. 6 Liuxian 3rd Road, 70 District, Bao'an District, Shenzhen to Room 101, No.1 CTI Building, Xin'an Sub-district, Bao'an District, Shenzhen.		
Office address	CTI Building, No. 4 Liuxian 3rd Road, Xin'an Sub-district, Bao'an District, Shenzhen		
Postal code of office address	518101		
Website	www.cti-cert.com		
Email	security@cti-cert.com		

II. Contacts

	Secretary of the Board of Directors	Representative of Securities Business
Name	Jiang Hua	Ou Jin
Address	CTI Building, No. 4 Liuxian 3rd Road, Xin'an Sub-district, Bao'an District, Shenzhen	CTI Building, No. 4 Liuxian 3rd Road, Xin'an Sub-district, Bao'an District, Shenzhen
Tel.	0755-33682137	0755-33682137
Fax	0755-33682137	0755-33682137
Email	security@cti-cert.com	security@cti-cert.com

III. Information disclosure and place for storage

Stock exchange website where Annual Report is disclosed	Securities Times and Shanghai Securities News
Media and website where Annual Report is disclosed	www.cninfo.com.cn
Place for storage of Annual Report for future reference	Office of the Board of Directors of Centre Testing International

IV. Other related information

Accounting firm employed by the Company

Name of accounting firm	Da Hua Certified Public Accountants (Special General Partnership)
Office address	12/F, Building 7, Zone 16, Xisihuan Middle Road, Haidian District, Beijing, PRC
Name of undersigned CPA	Zhou Junxiang and Lv Hongtao

Sponsor institution employed by the Company to perform continuous supervision duties in the reporting period

Applicable Not Applicable

Name of sponsor institution	Office address	Name of sponsor representative	Period of continuous supervision
Changjiang Financing Services Co., Limited	21/F, Chamtime International Financial Centre, No. 1589 Century Avenue, Pudong New Area, Shanghai	Dai Lulu and Wu Lihua	Unused raised capital is subject to continuous supervision.

Financial consultant employed by the Company to perform continuous supervision duties in the reporting period

Applicable Not Applicable

V. Key accounting data and financial indicators

The Company needs to make retroactive adjustment to or restate the accounting data of the previous year.

Yes No

	2022	2021	Variance from the previous year	2020
Operating income (RMB)	5,130,710,067.66	4,329,088,628.50	18.52%	3,567,712,761.65
Net profits attributable to shareholders of the listed company (RMB)	902,731,908.18	746,186,939.78	20.98%	577,610,518.76
Net profits attributable to shareholders of the listed company net of non-recurring gains/losses (RMB)	798,208,182.29	646,570,497.44	23.45%	479,303,570.25
Net cash flow from operating activities (RMB)	1,100,448,099.99	1,072,612,742.17	2.60%	930,952,966.89
Basic earnings per share (RMB/share)	0.5403	0.4465	21.01%	0.3472
Diluted earnings per share (RMB/share)	0.5403	0.4446	21.52%	0.3449
Weighted ROAE	18.18%	18.17%	Up by 0.01 pct	16.75%
Earnings before interest, tax, depreciation and amortization (EBITDA)	1,496,146,541.14	1,282,979,944.86	16.61%	979,532,151.74
	End of 2022	End of 2021	Variance from the end of previous year	End of 2020
Total assets (RMB)	7,779,790,058.59	6,476,155,123.79	20.13%	5,454,676,439.17
Net assets attributable to shareholders of the listed company (RMB)	5,474,063,875.76	4,457,308,872.00	22.81%	3,744,282,087.03

The lower of net profits net of non-recurring gains/losses of the Company of the last three fiscal years is negative, and there is uncertainty in the ability of going concern of the Company disclosed in the Audit Report of the latest year.

Yes No

The lower of net profits before and after net of non-recurring gains/losses is negative.

Yes No

The Company's capital stock from the end of the reporting period to the disclosing date of the Annual Report is changed and the amount of ownership interests is affected due to issuance of new shares or additional issuance, allotment of shares, exercise of equity incentive, buyback, or other reasons.

Yes No

Preferred stock dividends payable	0.00
Interest in perpetual debt payable (RMB)	0.00
Fully diluted earnings per share calculated with the latest capital stock (RMB/share)	0.5364

VI. Key financial indicators by quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating income	907,659,635.64	1,263,892,124.07	1,443,152,983.35	1,516,005,324.60
Net profits attributable to shareholders of the listed company	119,849,299.00	241,096,765.70	302,345,198.85	239,440,644.63
Net profits attributable to shareholders of the listed company net of non-recurring gains/losses	104,035,671.68	218,940,600.68	276,926,224.37	198,305,685.56
Net cash flow from operating activities	-97,876,226.02	206,766,223.59	342,885,230.14	648,672,872.28

The financial indicators or the aggregate amount above is of significant difference from relevant financial indicators disclosed in the quarterly reports and semi-annual reports by the Company.

Yes No

VII. Differences in accounting data under domestic and overseas accounting standards

1. Differences in net profits and net assets in the Financial Reports respectively disclosed in accordance with International Accounting Standards and Chinese accounting standards

Applicable Not Applicable

There was no difference in net profits and net assets in the Financial Reports respectively disclosed in accordance with the international accounting standards and Chinese accounting standards during the reporting period of the Company.

2. Differences in net profits and net assets in the Financial Reports respectively disclosed in accordance with foreign accounting standards and Chinese accounting standards

Applicable Not Applicable

There was no difference in net profits and net assets in the Financial Reports respectively disclosed in accordance with foreign accounting standards and Chinese accounting standards during the reporting period of the Company.

VIII. Non-recurring gains/losses items and amount

☑Applicable ☐Not Applicable

Unit: RMB

Item	Amount in 2022	Amount in 2021	Amount in 2020	Note
Gains/losses from disposal of non-current assets (including the offset part that has been withdrawn for assets impairment reserve)	222,582.20	5,357,281.99	8,937.65	Gains/losses from disposal of fixed assets, investment incomes from disposal of long-term equity investment, etc.
Government subsidies recognized in current gains/losses (excluding the government subsidies in close relation to regular corporate business and granted according to quota or ration under national policies)	96,961,312.09	85,672,973.49	89,385,649.14	Government subsidies
Gains/losses from entrusted investment or management of assets	11,786,873.48	21,771,461.39	22,453,518.35	Incomes from wealth management products
Gains/losses from fair value changes arising from the holding of financial assets held for trading and financial liabilities held for trading, and investment incomes from disposal of financial assets held for trading and available-for-sale financial assets, excluding the effective hedging activities related to the normal operation of the Company	9,543,708.82	2,242,380.58		Gains/losses from fair value changes arising from the holding of other non-current financial assets and financial liabilities held for trading
Reversal of provision for impairment of accounts receivable tested for impairment separately	265,162.58			
Non-operating income and expenditures other than the aforementioned items	3,085,839.77	312,046.80	608,109.20	
Less: Amount of impacted income tax	14,738,451.10	14,993,434.46	12,314,817.04	
Amount of impacted minority equity (after tax)	2,603,301.95	746,267.45	1,834,448.79	
Total	104,523,725.89	99,616,442.34	98,306,948.51	--

Details of other gain/loss items conforming to the definition of non-recurring gains/losses:

Applicable Not Applicable

There are no details of other gain/loss items conforming to the definition of non-recurring gains/losses in the Company.

Notes on defining the non-current gain/loss items listed in the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public —Non-Recurring Gains/Losses as current gains/losses items

Applicable Not Applicable

In the reporting period, the Company did not define the non-current gain/loss items listed in the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public —Non-Recurring Gains/Losses as current gains/losses items.

Section III The Management's Discussion and Analysis

I. Overview of the industry where the Company operates during the reporting period

(I) Development of the industry where the Company operates

The Company is a comprehensive third-party organization integrating testing, calibration, inspection, certification and technical services. It provides one-stop solutions for global enterprises. According to CSRC's Guidelines on Industry Classification of Listed Companies (revised in 2012), the Company operates in the "Industry M74 of Professional Technical Services"; and according to the Classification of Strategic Emerging Industries (2018) by the National Bureau of Statistics, the Company is engaged in quality inspection technology services, which is classified as a strategic emerging industry. The inspection and testing industry has been listed by the state as high-tech services industry, scientific and technological services industry, productive services industry and strategic emerging industry. As a crucial part of the national quality infrastructure, it plays a key role in building China into a country with strong quality capabilities, serving China as a manufacturing power, driving industrial upgrade, improving product quality and promoting high-quality economic and social development.

Amid the complicated macro environment in 2022, China's economic development experienced enormous uncertainty, however the inspection and testing industry as a whole maintained steady growth. According to the Certification and Accreditation Administration, by the end of 2021, there were 51,949 inspection and testing bodies across China, issuing 684 million inspection and testing reports, with an annual operating income of RMB 409.022 billion, a year-on-year increase of 14.06%. The compound annual growth rate of China's inspection and testing sector has remained at 10%-15%, which is about twice the growth rate of GDP, demonstrating its sustained resilience. Meanwhile, as domestic and international markets boost each other under the "dual circulation" pattern, the age of high-quality development begins. Given the constant introduction of preferential policies for the inspection and testing industry, as well as faster and more extensive reforms, a new round of technological revolution and industrial transformation and upgrading brings new growth opportunities to the sector.

1. High-quality development supported by national policies

During the reporting period, the State Council issued the Opinions on Promoting the Integrated Development of Domestic and Foreign Trade and the 14th Five-Year Plan for Modernizing Market Regulation. They represent overarching arrangements for promoting the integration of domestic and foreign trade, the improvement of the quality certification system, and the reform and innovation of inspection and testing activities. The 14th Five-Year Plan for the Development of Certification, Accreditation, Inspection and Testing introduced by the State Administration for Market Regulation (SAMR), as a holistic plan for the development of the inspection and testing industry, requests to speed up the establishment of a certification, accreditation, inspection and testing system featuring unified management, joint implementation, authoritative credibility, and universality and mutual recognition, alongside the following objectives: "new progress in market-oriented reform, new breakthroughs in international development, a new level of specialization, a new pattern of clustered integration, and a new look in standardized development. "With policy support and development guidance provided by the state for the development of inspection and testing bodies, the industry is expected to maintain rapid development and embrace strong growth.

2. Stronger market-oriented development

In September 2021, the SAMR distributed the Guiding Opinions on Further Deepening Reforms and Making the Inspection and Testing Industry Better and Stronger. The document calls for efforts to intensify reforms in the inspection and testing industry and propel the market-oriented development of inspection and testing bodies during the 14th Five-Year Plan period through measures such as promoting the reform of inspection and testing institutions, encouraging social capital's engagement in the industry, and establishing service platforms based on generic technologies. At the 2022 National Work Conference on Certification, Accreditation, Inspection and Testing, the SAMR emphasized stimulating market vitality through intensified reforms. By the end

of 2021, there were 30,727 qualified and certified private inspection and testing bodies nationwide, a year-on-year increase of 12.54%. They accounted for 59.15% of the total, showing an expanding proportion year by year. In 2021, these private bodies delivered an annual revenue of RMB 165.691 billion, growing by 19.04% year-on-year, which is 4.97 percentage points higher than the annual revenue growth rate of the national inspection and testing sector.

3. Improving clustered and international development

The inspection and testing industry continues its clustered development. In 2021, the country had 56 inspection and testing institutions with an operating income of over RMB 500 million, an increase of 14 over the same period of the previous year. A number of inspection and testing organizations stand out for exceptional scale, technical expertise and industry reputation, giving rise to inspection and testing brands in China. On the other hand, as the overall brand competitiveness of China's inspection and testing industry remains low, testing institutions are urged to improve their operational capabilities, strive for better and stronger performance, and enhance their core competitiveness.

In terms of international development, there is a big gap in international competitiveness between inspection and testing bodies at home and abroad, implying a long way to go before achieving internationalization. To fulfill the goal, Chinese institutions are required to enhance brand awareness, reputation and credibility, as well as international competitiveness. The same also applies to CTI, which is continuously exploring global development, developing international service capabilities and steadily moving forward on the path to internationalization.

4. Expanding market in emerging fields

Driven by scientific and technological advancement, as well as ongoing industrial upgrades, emerging fields have played an increasingly important role in recent years, while the proportion of conventional fields in the industry's total revenue keeps showing a downward trend. In 2021, emerging professions such as electronics and electrical appliances, NEVs, material testing, medicine, software and information technology maintained rapid growth, with an operating income of RMB 73.771 billion, a year-on-year increase of 23.48% –17.35 percentage points higher compared with the same period of the previous year. Recent years have seen the Company continually increasing its investment in strategic tracks in the spirit of starting a new undertaking. During the reporting period, the Company achieved fast growth in the fields of pharma and clinical services, NEVs, and peak carbon emissions and carbon neutrality, and through M&A, it improved its business layout in the segments of semiconductor chip testing, CMC research, and reference materials in order to establish new growth pillars for the sustainable development of the Company.

(II) The Company's competitive position in the industry

After years of development, the Company has grown into a leading private testing organization in China. State-owned inspection and testing institutions mostly undertake compulsory inspection and testing projects as part of ministries and commissions' certification requirements on commodity inspection, quality inspection, environmental protection and health. Therefore, they're not in direct competition with the Company. As market-oriented reform continues to go deep, state-owned testing institutions will inevitably embrace marketization, and are likely to compete with the Company. Most private testing institutions in China are mainly engaged in technical testing services in several specific fields, and cannot rival the Company's comprehensive testing services. But with the rapid development of privately-run organizations in the country, a batch of listed peers are expected to stand out and come into competition with CTI. China has opened its technical testing industry to foreign investment since accession to WTO. As a result, large international testing institutions have set up branches in the country to provide comprehensive testing services. They're deemed major competitors of the Company. During the reporting period, the Company spared continuous efforts to improve operational efficiency through measures such as promoting lean culture and automated testing. While sticking to medium and long-term development strategies and retaining its competitive advantages in traditional fields, it continuously increased investment in semiconductor chips, new energy, medicine and other strategic fields and steadily advanced its international development, in a bid to maintain its competitive edge in the industry.

II. Main business of the Company during the reporting period

During the reporting period, there was no change to the main business of the Company, which is divided into five segments by industry. The Company serves the following industries and their upstream and downstream supply chains: environmental services, food and agricultural products, cosmetics and pet food, pharma and clinical services, measurement and calibration, NEVs, rail transit and aviation materials, ships, chips and semiconductors, low-carbon/environmental protection/green certification, construction engineering, and industrial services. By the end of the reporting period, the Company had over 150 laboratories and more than 260 service units in over 90 cities all over the world. The Group and all branches and subsidiaries issue more than 3,900,000 credible testing and certification reports every year, serving 100,000 customers and more.

1. Food & Agricultural and Health Products Services

Food & Agricultural and Health Products Services Division is one of the Company's core business divisions. Its service scope covers planting, breeding, primary production, processing and packaging, storage and transportation, distribution and retail, import and export in the following sectors: food, agricultural products, healthcare food, cosmetics, daily chemical products, feed, pet food and packaging materials for food. The Company provides customers with six categories of services –testing, certification, auditing, training, consultation and quick inspection, as well as one-stop technology and quality management solutions.

2. Environmental Services

The Environmental Business Department has established more than 30 professional laboratories in China, providing various fields of environmental monitoring and EHS technical services to the government, enterprises and various organizations. The service scope includes ecological environment detection, automatic environmental monitoring, Marine environment detection, occupational health detection, public health detection, industrial radioactivity detection, agricultural environment detection, the third national soil census service, rail transit ecological detection, judicial expertise, etc.

3. Pharma and Clinical Services

Pharma and Clinical Services Division has multi-disciplinary professional team with sophisticated experience covering services in Pharma, Clinical, medical devices and health management areas. The pharmaceutical service teams provide drug screening, CMC, pre-clinical safety evaluation, pharmaceutical analysis, quality consistency evaluation of generic drugs and so on. For biopharma, there are services such as biological drug safety evaluation, virus clearance validation and protein characterization.

In the field of clinical services, a wide range of clinical tests are available, covering biochemistry, immunity, microbiology, blood diseases, routine pathology, molecular pathology, cancer genomics, pharmacogenetics, nutritional genomics, genetic susceptibility, metabolomics, proteomics, and scientific research.

4. Construction Engineering & Industrial Services

Relying on the brand advantages of CTI Engineering, CTI Materials, CTI Rail Transit, CTI Industrial and CTI Fire Safety. The Construction Engineering and Industrial Services Division provides one-stop solutions for laboratory testing, non-destructive testing, product inspection, certification, consulting and project management. It covers a wide range of industries such as civil and public buildings, public utilities works, building materials, rail transit, fire-resistant and flame-retardant materials, metal and polymer materials, heavy industrial equipments and systems, as well as life-cycle management of large industrial projects. It has more than 30 laboratories and service outlets nationwide, equipped with experienced testing and inspection expertise, and with fast, efficient and professional services within easy reach, the Company helps clients control product quality, supervise engineering process, and avoid unknown risks in the whole project life cycle, thereby enhancing their market competitiveness.

5. Metrology and Digital Services

Metrology and Digital Services, as one of the Company's core services, include measurement and calibration, equipment verification, dimensional gauging, electric power safety/construction equipment inspection, charging facility acceptance inspection, technical training and consulting, reference material R&D and sales, organization of proficiency testing activities, laboratory design and planning, laboratory construction and decoration, CMA/CNAS accreditation consultation, online identity

authentication, information security, inspection and identification of products in port trading, PCO, and fumigation, among others. The Company provides calibration and testing services for nearly 3,500 CNAS-accredited projects in the field of metrology, with a service scope covering the majority of the cities over the country, which allows it to meet group customers' demands for multi-site measurement and calibration. The Company has developed a number of reference materials, which are granted the Certificate of the National Certified Reference Material by the SAMR. It is qualified to organize more than 200 CNAS-accredited proficiency testing activities in varied testing fields, alongside premium measurement and calibration services, holistic laboratory solutions, and specialized information security solutions.

6. Consumer Goods Services

CTI Consumer Goods Division is committed to the delivery of safe, quality, and compliant products through the consumer goods industries. Industries include such as electronic and electrical products, integrated circuit, textiles and apparel, bags, shoes, accessories, personal protective equipment, toys, baby products, school supplies, furniture, food contact materials, groceries, sports equipment, energy and petrochemicals. It provides professional technical services and integrated solutions in testing, product certification, China Compulsory Certification (CCC), supply chain management and auditing, product quality improvement schemes, market access and compliance training to support a green and healthy life.

7. Automotive Industry and Aeronautic Services

Established in 2007, the Automotive Services Division is one of the first laboratory specializing in transportation services in China. So far it has been certified by CNAS, CMA, A2LA, NADCAP, AS9100 and other international/domestic systems, and has established a professional technical team. Specialized laboratories have been set up in all automotive industry clusters in the county, contributing to an extensive service network reaching all industrial bases. Its service scope covers automotive material testing, environmental protection regulations and chemical substance testing, interior and exterior components testing, chassis parts testing, Automotive electronic and optical components testing, and fastener testing, as well as aeronautical material testing, intelligent connected vehicles, and vehicle inspection. The Company offers one-stop solutions for testing, analysis, auditing and training.

8. Electronic Technology Services

The Company's Electronic Technology Services cover products such as electronics and electrical appliances, electronic auto components, rail transit locomotives and components, electrical equipment, large machinery and medical equipment. It provides safety testing, energy efficiency testing, electromagnetic compatibility testing, automotive EMC testing, radio frequency testing, on-site millimeter-wave radar testing, and machinery directives services, as well as certification services in multiple countries. In Singapore, CTI is accredited to issue CB certification, providing customers with one-stop services from testing to certification. In the field of electronic equipment testing for NEVs, the Company's new energy electronic product testing laboratory possesses not only professional designs in test route, test equipment specification, power supply and power distribution capacity, but also industry-leading technical competency, quality control standards and productivity. The Company also provides services that integrate digital, intelligent and wireless functions, tailored for electronic equipment in new forms.

9. Sustainability services

We provide a wide range of third-party services in the field of sustainability, including management system certification, carbon accounting and verification, voluntary emission reduction project validation and verification, product carbon footprint verification, dual carbon target planning, carbon neutrality certification, energy efficiency diagnosis, green assessment, and product certification (including mandatory 3C certification). Additionally, we offer ESG report preparation/management improvement and related database services, EHS compliance evaluation, second-party audit, training, data center testing and certification, and much more. Our services aim to help businesses develop their sustainable development capabilities.

In the field of carbon-related validation and verification, our company is a CNAS-accredited third-party greenhouse gas validation and verification body. We are qualified in various international and domestic greenhouse gas-related programs, such as CDM, VCS, GS, GCC, and CCER. We are qualified to conduct third-party carbon emission verification in 27 provinces and cities, and

provide greenhouse gas inventory, accounting and verification services based on Chinese national standards. We also provide greenhouse gas emissions accounting, product carbon footprint assessment and verification based on international standards such as ISO 14064 and ISO 14067. This enables us to provide full-chain services to companies implementing carbon neutrality strategies.

For carbon neutrality and green initiatives, we provide PAS 2060-based carbon neutrality certification and assessment for factories, industrial parks, supply chains, products, and data centers. For greenhouse gas strategic planning, we provide professional consulting on science-based carbon target setting in accordance with SBTi, carbon emission reduction strategy design, and greenhouse gas management system establishment.

In terms of environmental information disclosure and improvement, we provide services such as carbon disclosure submission to CDP, rating improvement, ESG reporting and social responsibility reporting according to international standards such as GRI and TCFD, and ESG rating improvement. For supply chain carbon neutrality, we develop customized service plans for key supply chain companies.

10. Marine Services

In the maritime industry, the Company provides international one-stop solutions services from third-party inspection, testing, certification and consulting for shipping companies, shipyards, and supporting products manufacturers around the world. CTI is now an ISO/IEC17020 accredited inspection body and an ISO/IEC17025 accredited laboratory. It offers energy efficiency optimization solutions (including energy efficiency optimization products, energy audits, etc.), marine fuel oil testing & solutions (including Quality Testing and Bunker Quantity Survey (BQS)), Water compliance services with D2 standard & Vessel General Permit (VGP) (including ballast water/sewage/potable water/scrubber water/bilge water and more), as well as marine environmental services (inventory of hazardous materials (IHM)), ship recycling supervision, asbestos inspection/removal/management and asbestos-free certification), Non-Destructive Testing and thickness measurement, among others.

(II) Overall business model of the Company

The overall business model of the Company: The R&D Department of the Company is responsible for studying national standards in China and overseas, industry standards, and standards made by key accounts (enterprise standards), developing new testing methods, and determining the operation flow through equipment and personnel allocation, so as to improve testing capabilities and expand testing scope. Relying on the extensive brand influence of the Company, the Marketing Department promotes testing services to customers, seeks testing orders, and presents data and testing reports after laboratory testing.

III. Analysis of core competitiveness

1. Advantages in brand and credibility

Brand and credibility are keys to the survival and development of an independent third-party testing agency. Adhering to the values of "Integrity, Collaboration, Expertise, Customer Centricity, Ambition," the Company regards "building trust and ensuring quality of life for all" as its mission. By comprehensively assuring quality and safety, it pursues the vision of "CTI is Always by Your Side." CTI has established a laboratory management system in compliance with ISO/IEC 17025, and an inspection body management system under ISO/IEC 17020. It is certified by China National Accreditation Service for Conformity Assessment (CNAS), qualified by China Metrology Accreditation (CMA), and designated as a notified body by both China Compulsory Certification (CCC) and European Commission. The Company is an APSCA Full Member, an EU Notified Body for PPE, a FOSTA-accredited inspection agency, a testing agency authorized by South African Bureau of Standards, as well as the only Chinese organization to attain Global Carbon Council (GCC) qualification. In the meantime, it has obtained a complete set of certification and testing laboratory qualifications for toys and strollers from CCC. The comprehensive qualification and accreditation make the Company's test reports more credible around the world.

Throughout the development course, the Company constantly follows the basic principle of "honest operation and independent judgment." It has established its own quality management system in accordance with ISO/IEC 17025, ISO/IEC 17020, the Rules for the Examination of Qualification Accreditation of Laboratories and the internal document Measures for Group Quality Supervision and Management. Group-wide quality management requirements are put in place through quality audit, special-purpose audit, internal audit and management review in order to provide truthful and accurate testing services. The Company has established a multi-level quality management organization. At the Group level, the QHSE Department is responsible for quality control as a whole. At the level of business division/subsidiary/operation outlet, regulations are developed according to respective business characteristics to enhance quality management. As of the end of the reporting period, a total of 41 subsidiary companies have passed the ISO 9001 quality management system certification, of which 5 were added during the reporting period. 1,113 middle level cadres participated in the QHSE exam, with an overall pass rate of 99.01%. The total duration of HSE training was 15,332 hours, with 7,020 participants. Quality training lasted 27,043 hours in total, with 39,380 participants.

The Company applies a cutting-edge laboratory information management system (LIMS) to manage laboratory personnel, equipment, testing methods and samples, so that customer samples are under systematic management throughout the entire circulation and testing process in laboratories. The LIMS uses codes and barcodes to track samples in the process of circulation, while keeping their brands, manufacturers and other labels invisible. This prevents laboratory workers from knowing sample providers or customers, effectively avoiding data alteration and other frauds. At the same time, information-based experimental process and paperless office assure comprehensive control and management over the organization, analysis, processing, inquiry of experimental data, as well as quality activities in the experimental process, so as to ensure the truthfulness and reliability of the reports issued.

2. Advantages in excellent management team and professional talent

The sustainable development of a business depends on the growth of its team. The core team of the Company has long-standing experience in the testing industry, and keeps abreast of industrial developments to make strategies in adaptation to changes in policies and the industry. The Company insists on creating a research-based atmosphere oriented at a high proportion of highly educated and high-quality talent, and on establishing a sound and scientific promotion system. This enables the Company to continuously attract talent interested in the testing industry from all walks of life. The Company values the growth of every employee, committed to becoming a platform suitable for the career development of employees. It encourages employees to become experts or managers in their respective professions, tapping into their potential and offering them adequate opportunities for adaptation and attempt, so that they can strike a dynamic balance between self-worth and business growth. As for its personnel training system, the Company has developed a series of courses and promotion programs for new hires, regular employees, professional skills and leadership development, laying a solid foundation for the sustainable development of the Company.

To strengthen training on all employees, the Group has launched E-Learning, an online learning platform, to expand training scope, so that more employees could improve their professional capabilities more conveniently. All employees of the Group have access to independent learning according to their actual needs. During the reporting period, the Group's E-Learning platform offered 5,981 autonomous learning courses with 210,730 planned learning hours. Employees together spent 198,334 hours learning these courses. For leadership development, the Company has set up the Huihua Executive Development Program (EDP), the Guanghua Leadership Acceleration Program (LAP), and the Jinghua Management Acceleration Program (MAP), to comprehensively improve the leadership of managers at all levels. Lecturers with rich experience in international strategic M&A are invited to give lectures to the senior management, in a bid to comprehensively improve its strategic M&A and post-investment management capabilities. The Climb To Win Program for junior managers debuted during the reporting period. It encouraged trainees to convey corporate culture values across the organization and enhance front-line employees' sense of identity with the Company. During the reporting period, 403 employees were trained as junior managers, with a coverage rate of approximately 35%. It is planned to deliver the training to 100% junior managers by 2023 or 2024 to build a first-class team in the industry. The Company employs consistent talent development strategies and policies overseas. For better integration with the companies it has acquired overseas, the Group tends to appoint well-performing employees in the original companies as core managers and technicians, who are

assisted by the managers appointed by the Group to keep teams stable after M&A. To maintain the stability of core teams and attract more talent, the Company rolls out employee performance evaluation schemes, employee stock ownership plans, equity incentive plans and other incentives. By doing so, it hopes to motivate its core teams to take the lead and fulfil the Company's strategic targets, laying the foundation for its efficient, high-quality and sustainable development.

3. Digital strategy that improves service capabilities

The Company's laboratory network spreads all over the major cities in China and reaches surrounding regions thanks to its strategic layout. Through over 150 laboratories and more than 260 service outlets spanning over 90 cities in more than 10 countries/regions all over the world, the Company is operating in the following industries as well as their upstream and downstream supply chains: textiles, apparel and footwear, toys and light industrial goods, electronics and electrical appliances, pharma and clinical services, food and agricultural products, cosmetics and daily chemical products, petrochemicals, environment, building materials and construction engineering, industrial equipment and manufacturing, rail transit, automotive and aviation materials, chips and semiconductors, low-carbon/environmental protection/green certification, maritime, and digital certification. A well-established laboratory network and one-stop service capabilities have become CTI's crucial advantages in competition.

CTI is devoted to providing more professional and value-added services for customers, keeping a keen eye on customer needs and constantly improving service quality and competency. The Company has been deeply engaging in the testing industry for years, with its services covering a wide range of industries and test items. Thus it has gathered massive testing data, which is highly reliable, comprehensive in both width and depth, and serves extensive purposes. The Company provides enterprises with risk-based testing schemes, risk-based internal and supply chain management schemes, quality & cost control basis, supplier evaluation basis, etc.; offers the government the basis for prediction and prevention of spot check risks, the basis for making decisions on policies and regulations, and the support for efficiency and scientific decision-making; and helps consumers learn about product quality and safety before making any decisions.

CTI has established a self-operated e-commerce platform CTI MALL and a big data analysis mechanism, which demonstrates the Company's determination to improve service quality leveraging digital technology. CTI MALL makes full use of cutting-edge digital technology –such as digital connection, transmission, structured storage and visualization technologies –and relies on massive computing capacity to enable integrated management of multi-terminal customers, standard service packages, visualized whole-process information, automated report verification and other functions with full coverage of the upstream and downstream supply chains of multiple industries. CTI MALL allows users not only to place orders on their own 24 hours a day and learn about latest changes to global standards, but also to discuss with quality experts online, customize solutions, and enjoy more convenient and flexible, transparent and efficient, professional and high-quality services, guaranteeing service quality and safety in an all-round manner. During the reporting period, CTI launched a customer service management system named MYCTI. Harnessing rapidly developing Internet technology, this customer service management platform that integrates functions such as report query, report authorization, certificate query, application progress query, and online order placement is expected to provide customers with a simpler and more convenient service experience and boost the rapid development of the Group's testing business.

4. Advantages in innovation and R&D

CTI has prepared the Innovative R&D Management Regulations to regulate the Group's innovative R&D activities, and set up the CTI Research Institute to commit to digital strategy, talent base construction, standard research, and development and revision, patent invention and other scientific research and innovation undertakings, making greater contributions to regional innovation and development. The Company is one of the first private testing bodies and the most invested professional research institutions in China. With the technical support of the CTI Research Institute, the Company has never stopped improving its core competitiveness in testing technologies. Its core research team centered on industry experts is devoted to the research of frontier technologies, aiming to provide strong technological support and sufficient technical preparation for the expansion of CTI's business divisions.

A postdoctoral innovation practice base was established in 2018 to serve as a platform for state-level scientific research projects and experiments for outstanding young people from colleges and research institutes, and build a team of senior scientific research

elites. This is expected to provide technical support for the Company to enhance its technological innovation competitiveness. As of now, CTI's postdoctoral innovation practice base has recruited a total of 7 postdoctoral fellows, and 5 of them have left the station. Currently, there are 2 fellows working in the base, mainly engaged in fields such as materials, chemistry, marine environment, rail transit, and biomedicine. CTI has led in the national key R&D program of the Ministry of Science and Technology, titled "Research and Application of Integrated Inspection and Testing Service Platform for Emerging Industries." A one-stop inspection and testing service collaboration platform has so far been established. The Company also takes an active part in the formulation and revision of international standards. During the reporting period, it participated in 2 ISO international standards: ISO 17644 Determination of paralytic shellfish toxins in bivalve mollusks by HPLC-MS/MS and ISO 17647 Meat and meat products —Identification of nine animal and plant derived components by LC-MS/MS method. As of December 31, 2022, the Company had obtained 289 patents, including 56 invention patents and 233 utility model patents, and participated in the formulation and revision of 682 standards, among which 595 standards had been published, including 388 national standards and 20 mandatory standards. Many of the Company's R&D achievements have been recognized by the market, government departments and industry associations, and its leading R&D capabilities have greatly assured CTI's development.

IV. Analysis of main business

1. Overview

In 2022, the TIC industry experienced enormous pressure and challenges under the combined influence of multiple factors such as intensified market competition, supply chain reshaping, policy changes, and geopolitics. On the other hand, China's TIC sector remains strong, fueled by a fresh wave of high-quality development in the "dual circulation" pattern where domestic and international markets boost each other. The Company has adhered to its strategic focus through alignment with market changes, digital transformation and upgrading, and high-quality development trends, as well as ongoing efforts to intensify lean management, optimize automation and digital capabilities, steadily advance strategic planning, and comprehensively enhance ESG performance. It seeks new profit growth pillars while holding fast to competitive advantages, tirelessly pursuing improvement and sustainable growth. During the reporting period, the Company achieved a total operating income of RMB 5,130,710,100, an increase of 18.52% over the same period of the previous year. The net profits attributable to shareholders of the listed company was RMB 902,731,900, up by 20.98% over the same period of the previous year. The net profits attributable to shareholders of the listed company net of non-recurring gains/losses recorded RMB 798,208,200, a year-on-year increase of 23.45%.

(I) Coordinated development of five business divisions generates synergy

1. Life Science.

Regarding environmental testing, the Company has made strategic preparations for the third nationwide soil census relying on its forward-looking view of the industry and extensive experience in the testing of agricultural land. Up to now, CTI has 25 laboratories that have been included into the list of testing laboratories for the third national soil census, and 15 laboratories have been authorized by the Ministry of Agriculture and Rural Affairs (MOA) as an inspection body for soil environment monitoring samples in the production area of agricultural products and prepared reference materials as required by the Ministry. Many of the Company's laboratories across the country are equipped with world-leading AA, ICP-OES, ICP-MS, X-ray fluorescence analyzers (XRF analyzers), elemental analyzers and other high-performance soil analyzers to provide efficient and accurate test data. In 2022, it won the bid for a number of soil census pilot projects, and joined in pilot projects in Beijing, Liaoning, Jiangsu, Shandong, Guizhou, Yunnan, Hunan and other provinces and cities in China. The aim is to capture the market opportunities brought by the third national soil survey and continue empowering environmental sustainability. In the same year, the Company acquired a 70% stake in Shaanxi Huabang Testing Service Co., Ltd. (hereinafter referred to as "Huabang Testing") with RMB 20.65 million in cash. As Huabang Testing enjoys a high brand awareness and influence in Shaanxi, the acquisition is expected to improve the Company's service network in the field of environmental testing, allowing both sides to leverage their resources and technical advantages and expand their environmental testing business in Northwest China. As for food testing, CTI continues to work on

varied business segments and develop key corporate customers in order to consolidate its leading position in the industry. With the release of policy documents such as the Outline of the Healthy China 2030 Plan, Healthy China has been elevated to a new strategic height. In recent years, the Company has played an active role in the field of nutrition and health by participating in the development of standards for nutrition and health products, focusing on dairy products, and launching testing services for low GI foods. Also, a laboratory for functional foods has been established to provide nutritional component analysis and technology, specific component analysis, sensory evaluation and other services. Cosmetics testing business continues its rapid development, with a center for efficacy testing on human bodies established. CTI is under partnership with high-end brand customers at home and abroad, including e-commerce platforms such as Alibaba, TikTok, Kuaishou, JD.com, and Vip.com, which assures steady growth. As part of its proactive efforts to expand operations in the overseas cosmetics market, the Company held an international webinar on China Cosmetics Registration and Sales Requirements together with the International Trade Administration of the US Department of Commerce and the Personal Care Products Council to help companies start business in the Chinese market in a compliant and efficient manner. Pet food testing business maintains a robust growth momentum. Animal nutrition and health laboratories in Qingdao and Guangzhou can basically address all testing needs in the field of feed and pet food. CTI has also reached partnership with leading pet food companies, with its market share on continued growth. During the reporting period, the Company's Life Science segment delivered an operating income of RMB 2,296,988,400, a year-on-year increase of 10.04%.

2. Pharma and Clinical Services.

During the reporting period, the Company continued to increase investment in pharma and clinical services. The Company has established presence in the CMC segment by purchasing 100% equity of Guangzhou Vectoring Pharmatech Ltd. Its CRO capacity building project (Phase II) is progressing steadily, and it is expected to boost income after being put into use. The Company has obtained shares in a lab monkey breeding facility via the mode of cooperation and joint construction to guarantee the supply of experimental animals for biomedical innovation and development. As it is qualified as a pharmaceutical testing platform in Shanghai, the Company will become a third-party technical service organization that provides one-stop drug quality research, production and release solutions for the pharmaceutical industry (including pharmaceutical chemicals, biological drugs, and medical devices). Through joint ventures, CTI is developing competence in cell line quality testing, cell therapy quality testing, virus clearance process verification, and cell bank building and storage, with a cell detection platform established, to strengthen its competitiveness in clinical services. The Company's new clinical laboratory has earned a medical institution license and a PCR laboratory qualification certificate, as well as accreditation as a secondary pathogenic microorganism laboratory, laying the groundwork for future expansion in the special inspection market. During the reporting period, the Pharma and Clinical Services sector achieved an operating income of RMB 550,955,900, surging by 49.14% year-on-year.

3. Trade Assurance.

Trade Assurance division, as a "stabilizer," has maintained its competitive edge in the segment. With an eye toward the market opportunities presented by emerging industries such as green and environmental protection, semiconductors, photoelectric displays, circuit boards, consumer electronics and new energy, the Company works to increase investment in new testing items, improve expertise, and expand laboratory capacity. Moreover, it seeks a larger market share by retaining the present market and continuously optimizing the channel network. During the reporting period, the Trade Assurance segment achieved an operating income of RMB 662,323,100, a year-on-year increase of 15.48%.

4. Consumer Goods Testing.

During the reporting period, the Company made substantial progress and continued its rapid growth in NEVs, IoV, wireless communications and other fields. Regarding auto electronics reliability, CTI has teamed up with leading new energy OEMs and suppliers, with sufficient orders in hand. The laboratory in Shanghai –which has completed Phase II investment –and a new laboratory in Tianjin are anticipated to fuel solid performance in the future. In the field of automotive EMC, the Company has won the recognition of Chinese leading NEV manufacturers and orders from key parts suppliers. It has also improved its laboratory network by making an additional investment in the Phase II capacity of the Kunshan Laboratory and setting up a new laboratory in South China. With regard to CAN/LIN and Ethernet, the Company has developed a variety of new detection methods including an

optical detection system for intelligent cockpits, in addition to the conventional reliability detection service, which has accomplished 100% coverage of GPS/Beidou/4G/5G signals in the test area. The Shenzhen laboratory is updating its wireless testing capability and expanding its millimeter-wave radar testing capability. Coupled with its business related to automotive electronics particularity and NEV exports in South China, the Company is able to deliver high-value-added services of "Auto + RF + international certification." Furthermore, the Company is running power battery reliability tests in Guangzhou. The Consumer Goods Testing segment delivered an operating income of RMB 716,375,100 during the reporting period, a growth of 44.63% year-on-year.

5. Industrial Testing

During the reporting period, the Company's metrology and calibration division greatly expanded the capabilities of existing laboratories by adding 886 new accreditation items. New laboratories are established in Guangzhou, Wuhan, Hangzhou, and Hefei, enlarging the network of metrology laboratories. The Dongli District Administration for Market Regulation in Tianjin has recognized CTI Metrology Laboratory Tianjin as a national statutory metrological verification body, with 19 verification items, making it one of the only two private institutions authorized. CTI has begun operations in the field of reference materials with the acquisition of 100% interest in LGC Science (Nanjing) Co., Ltd., which is projected to provide significant impetus to the expansion of the metrology business. In the field of construction engineering, the Company has established sound laboratory capabilities and matched service stations with testing capabilities, which contributes to stable business development. At the end of 2022, the rail transit functional safety expert team applied for certification qualification extension in three areas: process industry functional safety, general machinery functional safety, and control system safety. Meanwhile, CTI is looking for new growth prospects in green building materials, solar power, wind power, and energy storage. In the operational realm of ships, CTI-Maritec has been approved as a service supplier of ballast water management system commissioning and testing by the major members of IACS (LR, ABS, DNV, KR, CCS, BV). Its global ballast water analysis service and laboratory network allows the Company to deliver superior and efficient services for more new and refitted ships in the future. In terms of peak carbon emissions and carbon neutrality and ESG business, CTI has become an approved verifier under the Climate Bonds Initiative (CBI), the only Chinese organization to attain Global Carbon Council (GCC) qualification, an approved verification body for the AA1000 sustainability standards, and an evaluation organization recognized by EPD China. It has released China's first provincial-level ESG evaluation standard through collaboration with the China (Tianjin) Pilot Free Trade Zone, with ESG rating results officially published on Ifeng.com. The Company has issued a carbon neutral certificate in recognition of China's first "Carbon Zero "logistics park, granted the first carbon neutral certificate in the construction industry, presented a number of product carbon footprint certificates to Sinopec, became a partner of Alibaba Cloud on intelligent peak carbon emissions and carbon neutrality, reached strategic partnership with Guangdong Environment Exchange, and won bids for carbon verification projects in several places. During the reporting period, the subsidiary CTI Certification completed more than 100 greenhouse gas validation/certification projects, over 160 verification projects under ISO 14064, and nearly 500 greenhouse gas emission verification projects in key provincial and municipal organizations. Nearly 40 service enterprises of CTI established energy management systems and obtained system certification, while participating in the formulation of 7 national and group standards. The Company has seen fast growth in the sector, thanks to its continuous innovation and breakthroughs in certification, sustainability and ESG services. During the reporting period, the Industrial Testing segment's operating income reached RMB 904,067,600, a year-on-year increase of 12.52%.

II. Lean management improves operational efficiency

The Company has been dedicated to refined management in recent years, steadily improving operational efficiency through cross-departmental synergy. In 2022, "Lean "was made part of the updated core values of the Group, and a Group Lean Management Committee was established to plan annual lean projects, while making and implementing lean culture promotion plans. Up to now, more than a dozen lean projects have been launched in business divisions, with significant improvements made in efficiency, service cycle, quality and punctuality. The Company is training leaders to form up an internal lean talent team, and plans to promote lean culture in all laboratories across the nation within 5 years. By establishing lean laboratories and unleashing the

potential of employees, CTI is constantly committed to improving workflows and personnel competence, thereby empowering business growth.

The Company embraces automation and digital transformation and keeps improving internal processes, with the goal of enabling technology empowerment and efficiency enhancement. During the reporting period, while promoting lean culture, the Group launched a RPA project to find out all the application scenarios in laboratory production, customer management, salesforce management, finance, human resources, and IT O&M, and achieved process automation, further enhancing the Company's operating efficiency.

III. Strategic planning enhances international competitiveness

During the reporting period, the Company intensified its efforts to explore opportunities in strategic sectors and made active investments in semiconductor chips, pharma and clinical services, reference materials, new energy, and transport fields. In the segment of semiconductor chips, the Company has acquired 100% equity of VESP Technology (Hefei) Co., Ltd. (hereinafter referred to as "VESP") with RMB 163 million. VESP ranks in the forefront of the industry with a strong competitive advantage. Over the years, it has been committed to serving the semiconductor industry chain, and has established sound partnership with many world-renowned chip design firms, wafer factories, and encapsulation and testing factories, which indicates a broad scope of high-quality customer resources. The resulting strong alliance allows the two sides to leverage their respective advantages, boosting the Company's share and position in the semiconductor testing market, which is in line with its development strategy and long-term planning. Concerning pharma and clinical services, the Company has gradually expanded its business in biomedicine, medicine, and medical equipment through M&A and independent construction. The Company's holding subsidiary Shanghai CTI Pinchuang Medical Testing Co., Ltd. has acquired 100% stake in Guangzhou Vectoring Pharmatech Ltd. (hereinafter referred to as "Vectoring") for RMB 29 million in cash. Engaged in pharmaceutical R&D for years, Vectoring boasts profound technological expertise and innovation capabilities. The acquisition is thus projected to improve the Company's whole-chain CMC services, including drug synthesis, drug formulation and production process development, quality research, stability research, and drug registration, so that it can meet the technical requirements of pharmaceutical companies on product development, quality and safety. The Company has worked with industrial experts to establish Guangzhou CTI Pinjian Biotechnology Co., Ltd. The subsidiary is designed to develop capabilities surrounding cell line quality testing, cell therapy quality testing, virus clearance process verification, and cell bank building and storage, and also to establish a first-class cell detection platform, by making use of Wuhan University's technical capabilities and recruiting Chinese and foreign professionals and technicians. In the field of reference materials, the Company has acquired 100% equity of 100% interest in LGC Science (Nanjing) Co., Ltd. (hereinafter referred to as "LGC Science") for RMB 9.3 million in cash. LGC Science used to be a subsidiary of LGC Group –the most comprehensive supplier of reference materials in Europe and the largest provider of proficiency testing services in the world. The acquisition offers the Company the access to world leading reference material manufacturing technology and quality management experience, thus improving its reference material development and production capacity, as part of its long-term development strategy. As for the transport field, the integration of imat-uve gmbh, MGA (Nantong) Automobile Safety Testing Service Co., Ltd., and Maritec acquired by the Company is under smooth progression. Through an organic connection with the Company's operations, the project is producing synergy and showing an upward trend.

During the reporting period, the Company's international consumer goods testing business expanded in both scale and influence. Apart from recognition by over 30 international customers, the Company has entered into MOUs on strategic partnerships with National Textile Research Center (NTRC), Centre Technique du Textile (CETTEX), Brachi Testing Services (BTS) and Korea Apparel Testing & Research Institute (KATRI). Through such collaborations, the parties concerned are committed to developing innovative quality assurance (QA) and quality control (QC) services around the world, and provide one-stop quality upgrading solutions for the global consumer goods industry. Furthermore, CTI has been serving international customers through partner laboratories in Vietnam, India, Bangladesh, Turkey, Italy, Germany and other countries. The main modules of the English website have been updated, and the group introduction PPT in English and related promotional materials have been revised. Marketing

campaigns are launched and potential customers sought through social media, webinars, marketing agents, industry organizations and other channels.

IV. Brand building boosts diversified, added value

The Company's brand influence showed a significant growth during the reporting period. It again ranked first in the industrial sector in Wind's latest ESG rating list of A-share listed companies announced in 2022, with the highest ESG rating of AAA –a strong endorsement of CTI's ESG efforts and performance. The Group's application to join the TIC Council is now in the works. It will play a greater role in the development of the industry as a member of the organization, and drive the international development of Chinese inspection, testing and certification bodies. During the reporting period, the Company participated in the formulation and revision of 37 standards –which were all published –including 4 international standards, 32 national standards, and 1 industry standard. The Company pushes for the internationalization of standards and pursues the right of speech for China in the establishment of international standards. In 2022, it participated in the formulation of two new ISO international standards: ISO 17644 Determination of paralytic shellfish toxins in bivalve mollusks by HPLC-MS/MS and ISO 17647 Meat and meat products –Identification of nine animal and plant derived components by LC-MS/MS method. In terms of QSHE, the Group Quality Committee has organized 7 training sessions with more than 400 participants, allowing all departments to know better about their respective responsibilities for quality risks and HSE. An internal double random mechanism and an HSE reward and punishment mechanism have been put in place, along with the introduction of the 12 Proposals for General Requirements of the Group HSE Management Regulations and the External Assessor Incentive Management Regulations. The Company has also set up an environment and food compliance working group, which is in charge of studying standards, assessing risks, identifying high-risk items and making corrections. CTI's QHSE performance has been significantly improved under the leadership of the Group Quality Committee. In addition, the Company's core values have been upgraded to "Integrity, Collaboration & Team Advancement, Lean, Innovation, Customer Centricity". The lean culture inspires the Company to make continual improvements, maintain efficient operations, and achieve win-win cooperation through a customer-first mindset and professional services. The renewed corporate values more accurately articulate the Company's strategic goals, development directions and values, spurring it to move towards sustainability and high-quality growth.

2. Revenue and costs

(1) Composition of operating income

Overall operating income

Unit: RMB

	2022		2021		Year-on-year variance
	Amount	As a percentage of operating income	Amount	As a percentage of operating income	
Total operating income	5,130,710,067.66	100%	4,329,088,628.50	100%	18.52%
By industry					
Technical services	5,130,710,067.66	100.00%	4,329,088,628.50	100.00%	18.52%
By product					
Trade assurance	662,323,081.52	12.91%	573,557,240.09	13.25%	15.48%
Consumer goods testing	716,375,085.22	13.96%	495,310,144.36	11.44%	44.63%
Industrial testing	904,067,581.56	17.62%	803,467,933.38	18.56%	12.52%
Life science	2,296,988,393.01	44.77%	2,087,322,872.97	48.22%	10.04%
Pharma and clinical services	550,955,926.35	10.74%	369,430,437.70	8.53%	49.14%

By region					
China	4,844,012,146.17	94.41%	4,183,507,491.19	96.64%	15.79%
Overseas	286,697,921.49	5.59%	145,581,137.31	3.36%	96.93%
By sales mode					
Direct sales	5,130,710,067.66	100.00%	4,329,088,628.50	100.00%	18.52%

(2) Industries, products, regions or sales modes accounting for more than 10% of the Company's operating income or operating profits

Applicable Not Applicable

Unit: RMB

	Operating income	Operating cost	Gross margin	Variance in operating income compared with the same period in the previous year	Variance in operating costs compared with the same period in the previous year	Variance in gross margin compared with the same period in the previous year
By industry						
Technical services	5,130,710,067.66	2,596,474,548.86	49.39%	18.52%	21.99%	-1.44%
By product						
Trade assurance	662,323,081.52	226,163,567.71	65.85%	15.48%	17.64%	-0.63%
Consumer goods testing	716,375,085.22	368,279,559.48	48.59%	44.63%	51.84%	-2.44%
Industrial testing	904,067,581.56	537,177,365.63	40.58%	12.52%	20.66%	-4.01%
Life science	2,296,988,393.01	1,168,602,329.43	49.12%	10.04%	10.62%	-0.26%
Pharma and clinical services	550,955,926.35	296,251,726.61	46.23%	49.14%	54.30%	-1.80%
By region						
China	4,844,012,146.17	2,430,368,022.85	49.83%	15.79%	16.99%	-0.52%
Overseas	286,697,921.49	166,106,526.01	42.06%	96.93%	225.52%	-22.89%
By sales mode						
Direct sales	5,130,710,067.66	2,596,474,548.86	49.39%	18.52%	21.99%	-1.44%

The main business data of the Company for the previous one year, adjusted according to the statistical caliber at the end of the reporting period if the statistical caliber for the main business data of the Company was adjusted in the reporting period

Applicable Not Applicable

(3) The Company's revenues from physical sales are greater than its service revenues

Yes No

(4) Performance of major sales contracts or major procurement contracts signed by the Company as of the reporting period

Applicable Not Applicable

(5) Composition of operating costs

Industry category

Unit: RMB

Industry category	Item	2022		2021		Year-on-year variance
		Amount	As a percentage of operating costs	Amount	As a percentage of operating costs	
Technical services	Employee remuneration	1,077,227,287.90	41.49%	863,399,217.24	40.56%	24.77%
Technical services	Depreciation and amortization costs	354,120,432.37	13.64%	328,820,920.76	15.45%	7.69%
Technical services	Outsourcing expenses	347,145,361.09	13.37%	238,618,460.93	11.21%	45.48%
Technical services	Laboratory consumables	347,120,325.04	13.37%	268,818,363.90	12.63%	29.13%
Technical services	Rents and utilities	108,977,774.35	4.20%	96,936,375.81	4.55%	12.42%
Technical services	Others	361,883,368.11	13.94%	331,857,177.23	15.59%	9.05%
Total		2,596,474,548.86	100.00%	2,128,450,515.87	100.00%	21.99%

Note

N/A.

(6) The consolidation scope was changed in the reporting period

Yes No

In comparison with the previous period, 5 more entities were included into the consolidated financial statements of this period. Companies that the Company has obtained control over through M&A in the current period: Jilin Anxin Food Technology Service Co., Ltd., and CTI (Nantong) Automobile Technology Service Co., Ltd. New subsidiaries set up by the Company in the current period: CTI Data Certification and Testing (Shenzhen) Co., Ltd., Guangzhou CTI Pinjian Biotechnology Co., Ltd. and Sichuan CTI Testing Technology Co., Ltd.

(7) Significant changes or adjustments to the business, products or services of the Company during the reporting period

Applicable Not Applicable

(8) Main sales accounts and suppliers

Main sales accounts of the Company

Total sales amount of top five customers of the Company (RMB)	308,018,195.79
Total sales amount of top five customers as a percentage of total annual sales amount	6.00%
Sales amount of related parties in sales amount of top five customers as a percentage of total annual sales amount	0.00%

Information on top five customers of the Company

No.	Customer name	Sales amount (RMB)	As a percentage of total annual sales amount
1	Customer I	211,811,534.75	4.13%
2	Customer II	27,661,735.04	0.54%

3	Customer III	24,321,626.55	0.47%
4	Customer IV	23,960,394.69	0.47%
5	Customer V	20,262,904.76	0.39%
Total	--	308,018,195.79	6.00%

Other information of main customers

Applicable Not Applicable

Main suppliers of the Company

Total purchase amount of top five suppliers of the Company (RMB)	286,736,550.39
Total purchase amount of top five suppliers as a percentage of total annual purchase amount	10.92%
Purchase amount of related parties in purchase amount of top five suppliers as a percentage of total annual purchase amount	0.00%

Information on top five suppliers of the Company

No.	Supplier name	Purchase amount (RMB)	As a percentage of total annual purchase amount
1	Shanghai Jiuan Construction Group Co., Ltd. Qingdao Branch	70,705,078.73	2.69%
2	Guangdong Xudong Construction Engineering Co., Ltd.	59,964,852.97	2.28%
3	Shenzhen Top One Automobile Rental Co., Ltd.	58,463,808.07	2.23%
4	Kunshan Urban and Rural Construction Co., Ltd.	50,082,524.67	1.91%
5	Sinopharm Guangdong Medical Device Supply Chain Co., Ltd.	47,520,285.95	1.81%
Total	--	286,736,550.39	10.92%

Other information of main suppliers

Applicable Not Applicable

3. Expenses

Unit: RMB

	2022	2021	Year-on-year variance	Explanations for significant changes
Selling expenses	855,140,112.56	768,973,995.12	11.21%	
Administrative expenses	305,999,539.43	275,559,823.79	11.05%	
Financial expenses	-10,828,394.27	11,707,346.93	-192.49%	Mainly due to the increase in the exchange gain of the current period over the same period of the previous year as a result of exchange rate fluctuations, and the increase in the income from time deposit interest over the same period of the previous year

R&D expenses	434,964,770.22	375,974,472.79	15.69%
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4. R&D investment

Applicable Not Applicable

Name of main R&D project	Purpose	Progress	Intended goal	Expected impact on the Company's future development
A preparation and use method of reference samples for odor assessment of automotive interior trim materials	In the odor assessment and testing of automotive interior parts, single chemical solutions represented by n-butanol are not representative and practical enough as a reference sample for olfactory training and calibration, and directly smelling chemical solutions results in a risk to the human body and serious interference to the sense of smell. Therefore, this project intends to develop a preparation and use method of reference samples for odor assessment of automotive interior materials. The objective is to prepare reference samples with an odor grade that calibrates odor assessors' assessment of odor intensity and type, providing an objective calibration scale for odor assessors to assess the odor of automotive interior materials. Moreover, such reference samples can also be used for odor assessors' olfactory training and benchmarking.	Patent for invention 202080000813.4 granted	To apply for a patent and get licensed	Improved core competitiveness of the Company in the testing of automotive interior materials
A method of stabilizing carbidopa/levodopa in biological matrices	This project aims to develop a method for stabilizing carbidopa/levodopa in biological matrices, so as to ensure the stability of samples containing carbidopa/levodopa during their collection, transportation, storage and testing in preclinical/clinical trials.	Patent for invention 202110845609.9 granted	To apply for a patent and get licensed	Improved testing capabilities of the Company in the field of biotechnology
A biochemical incubator for detection	This project aims to develop a new biochemical incubator for detection that flexibly adjusts the internal pressure while ensuring the ecological balance inside.	Utility model patent 202120897974.X granted	To apply for a patent and get licensed	Improved core competitiveness of the Company in biochemical testing
A sampling device for environmental detection	This project aims to develop a sampling device for environmental detection that	Utility model patent 202120907609.2	To apply for a patent and get licensed	Improved sampling capabilities of the Company in

	addresses the problem of how to collect atmospheric samples at different altitudes more conveniently and at a lower cost.	granted		environmental testing and enhanced core competitiveness in atmospheric testing
A cyclic salt spray corrosion test chamber that recycles exhaust gas	This project aims to develop a cyclic salt spray corrosion test chamber that recycles exhaust gas in order to address a number of shortcomings of most salt spray corrosion test chambers on the market, including: use inconvenience, poor performance, failure to run comprehensive tests on samples –which compromises the accuracy of results, and direct discharge of exhaust gas without treatment –which is harmful to both the environment and operators.	Utility model patent 202121748187.5 granted	To apply for a patent and get licensed	Improved core competitiveness of the Company in the detection of corrosion resistance of products or materials
Device for vibration testing at high temperatures	Conventional devices that run vibration tests in simulated high-temperature environments are often designed with complex assembly structures in order to simulate real-time working environments. Such devices are expensive to manufacture as well as to operate and maintain. This project aims to develop a device for vibration testing at high temperatures to solve the aforementioned problems.	Utility model patent 202220075961.9 granted	To apply for a patent and get licensed	Improved detection capabilities of the Company in vibration tests of rail trains at high temperatures
Device for biodegradation testing	This project aims to develop a device for biodegradation testing to solve the issue that the components in present biodegradation test devices are difficult to disassemble and install flexibly, which makes it challenging for laboratory testers to maintain and replace these components during the long-term use of the devices.	Utility model patent 202221025918.8 granted	To apply for a patent and get licensed	Improved core competitiveness of the Company in biodegradation testing
A colloidal gold-based device for semi-quantitative detection of prochloraz	This project aims to develop a colloidal gold-based device for semi-quantitative detection of prochloraz, given than the present prochloraz detection method is not suited for the detection of large quantities of samples in primary laboratories.	Utility model patent 202221462018.X granted	To apply for a patent and get licensed	Improved core competitiveness of the Company in food safety testing
Device for cement density measuring	Cement density is now usually measured by Lee's pycnometer (density bottle). On the one hand, due to the thin neck of	Utility model patent 202221661480.2 granted	To apply for a patent and get licensed	Improved cement slurry detection capabilities of the Company in construction engineering

	Lee's pycnometer, part of the cement sample may easily become attached to the inner wall of the mouth, and even cause a blockage; on the other hand, Lee's pycnometer must be frequently placed in and removed from a constant temperature water tank, resulting in poor measurement efficiency. This project aims to develop a new device for cement density measuring to solve the aforementioned problems.			
Device for wet expansion testing of ceramic tiles	The wet expansion test of ceramic tiles detects the length change ratio of ceramic tiles before and after accelerated wet expansion as a result of immersion in boiling water. Existing baking chambers and water baths are both independently set. The large amount of heat generated by baking chambers' preceding baking operation is prone to loss and waste, leading to a low energy utilization rate. This project aims to develop a new device for the wet expansion testing of ceramic tiles to reduce energy loss and improve energy utilization.	Utility model patent 202221670924.9 granted	To apply for a patent and get licensed	Improved ceramic tile testing capabilities of the Company in construction engineering
Light gauge metal containers –Easy-open ends and peel-off ends –Classification and dimensions	To establish international standards	Published	To expand China's influence in international standards	Empowered international development
Foundry machinery –Vocabulary –Part 4: Abrasive blasting machines and other equipment related to cleaning and finishing for casting	To establish international standards	Published	To expand China's influence in international standards	Empowered international development
Foundry machinery –Vocabulary –Part 5: Cupola furnaces and pouring devices and ladles	To establish international standards	Published	To expand China's influence in international standards	Empowered international development
Safety of machinery –Specification for two-hand control devices	To establish national standards	Published	To expand CTI's influence in the field of machinery safety	Stronger business development of the Company
Determination of lycopene in canned tomato paste –HPLC method	To establish industrial standards	Published	To expand CTI's influence in the field of food safety and quality	Stronger business development of the Company

Determination of naringin and denatonium benzoate in finger paints –High performance liquid chromatography	To establish national standards	Published	To expand CTI's influence in the field of toy quality and safety	Stronger business development of the Company
Non-destructive testing instruments –Radiation protection rules for the technical application of X-ray equipment up to 1MV –Part 1: General safety technical requirements	To establish national standards	Published	To expand CTI's influence in the field of radiation safety	Stronger business development of the Company
Guideline on general tests for safety of electrical equipment	To establish national standards	Published	To expand CTI's influence in the field of electrical safety	Stronger business development of the Company
Safety aspects related to mechanical and physical properties comparison of ISO 8124-1, EN 71-1 and ASTM F963	To establish national standards	Published	To expand CTI's influence in the field of toy quality and safety	Stronger business development of the Company
Analysis of water used in boiler and cooling system –Determination of trace copper, iron, sodium, calcium, magnesium – Inductively coupled plasma mass spectrometry (ICP-MS)	To establish national standards	Published	To expand CTI's influence in the field of water quality and safety	Stronger business development of the Company
Sensory analysis – Methodology –Initiation and training of assessors in the detection and recognition of odors	To establish national standards	Published	To expand CTI's influence in the field of food safety and quality	Stronger business development of the Company
Conformity assessment – General principles and requirements for validation and verification bodies	To establish national standards	Published	To expand CTI's influence in the TIC industry	Stronger business development of the Company
Research and application of short-term fish reproduction testing in environmental toxicology of pesticides	Pesticides have a significant influence on fish, as well as the food chain, species diversity, and people's dietary safety. The endpoint of pesticide toxicity testing on fish is an important factor in the risk assessment of pesticide registration. In China, the qualification for short-term fish reproduction tests is currently unavailable. The research and development of the testing method present both new challenges and opportunities for the technological development of the testing industry, which is expected to help improve the	Research findings achieved	To expand the system of pesticide evaluation methods	Expanded technical capabilities of the Company in pesticide registration testing

	Company's core competitiveness.			
R&D of load measuring device and data acquisition system for static load testing of keels	This project aims to develop an automatic hydraulic loading function for keel static load testing devices and enable the automatic collection and calculation of keel deflection and residual deformation testing results, thereby replacing the manual operation in the prior art and reducing labor intensity and operational difficulty, while improving the detection precision and accuracy, as well as the automation rate of detection.	Research findings achieved	To apply the new testing device and system	Improved automation capabilities of the Company in the field of construction engineering
Study on sample preparation for proficiency testing of organophosphorus pesticide residues in traditional Chinese medicinal materials	This project aims to study the sample preparation processes for proficiency testing of organophosphorus pesticide residues in traditional Chinese medicinal materials in order to produce test samples that meet the requirements of proficiency testing activities, and to provide proficiency testing review services as required by different testing organizations in the market, so that laboratories are helped to make up for weaknesses, improve testing technologies and capabilities, strengthen market competitiveness, and promote the technological development of the testing industry.	Research findings achieved	To prepare and apply samples for proficiency testing	Improved technical capabilities of the Company in proficiency testing
RT003 preclinical safety evaluation study	The capacity of human interleukin-2 (IL-2) to expand lymphocyte populations and enhance effector cells' functions in vivo contributes to its antineoplastic properties. However, the dose of IL-2 required for clinical treatment is high, and the severe therapeutic toxicity associated with the drug greatly limits its clinical application. This makes it necessary to improve its efficacy and reduce its clinical toxicity through structural modification. Based on existing cases, CTI Biotechnology is engaged in RT003 safety evaluation research. Following approval by the NMPA, the project will greatly enhance the	Research findings achieved	To apply the preclinical safety evaluation method for new drugs	Improved service capabilities of the Company in preclinical evaluation and pharmacokinetics of new drugs

	influence of CTI Biotechnology as a GLP-certified laboratory in the field of preclinical safety research and evaluation, and also attract more drug research and development companies for cooperation, expanding brand influence and improving the industry chain of medical services.			
R&D of an air cooling system for power battery modules in NEVs	Along with NEVs 'rapid development, many technical problems arise, the first of which is the heating of power batteries –one of the major causes for batteries 'short cycle life and low safety. Effective heat dissipation is thus considered a key factor that determines the popularization of power batteries. This project aims to study the influence of an air cooling system on the heat dissipation performance of power batteries, minimize production costs and discharge harmful gas from the vehicle. Meanwhile, a proper control of battery temperature is expected to prevent a series of safety accidents due to the overheating of power batteries.	Research findings achieved	To apply the power battery testing system	Expanded service capabilities of the Company in the NEV field and increased industry influence
Research on service life and reliability of high-failure-rate relays used in EMUs	In recent years, EMUs such as CRH380 and CR400BF have experienced speed reduction and even shutdown due to the failure of critical systems and key loop relays while in operation. In response to such problems, this project, beginning with three dimensions –relay device, circuit, and system, aims to establish a comprehensive characteristic parameter screening mechanism, analyze and study the performance degradation, service life, and reliability of relays under working environment stresses such as electrical factors, temperature and humidity, vibration, gas composition, and dust, and develop all-round evaluation methods for the actual service life and reliability of relays in systems, providing technical support for a lower	Research findings achieved	To apply the reliability system in the rail transit field	Expanded service capabilities of the Company in the rail transit field and increased industry influence

	failure rate of EMU relays, optimized design and type selection, as well as repair, operation and maintenance.			
R&D of customer service system MYCTI	With the advancement of information technologies, the inspection and testing industry has shifted from traditional manual labor to electronic, information engineering-based operation. However, to ensure the effectiveness of information and data analysis, inspection and evaluation, IT-driven inspection and certification require sound management, as well as an ever-improving enterprise information system. This project aims to improve service efficiency and customer satisfaction by developing a customer service system, putting the customer-first philosophy into practice.	Research findings achieved	To apply the digital system for customer services	Expanded service capabilities of the Company in the digital field and leadership position in the digital development of the industry
R&D of temperature calibrator for extractors	Extractors are widely used in various fields such as disease control centers, clinical disease diagnosis, blood transfusion safety, forensic identification, environmental microbial detection, food safety detection, animal husbandry and molecular biology research, which makes it a mainstream instrument on the market. This project aims to develop a temperature calibrator that makes extractor calibration more efficient and assists the Company in better serving pharmaceutical companies and hospitals.	Research findings achieved	To develop and apply a new calibrator	Improved technical capabilities of the Company in medical testing and calibration
R&D of target capture technology based on gene editing	Given that whole-genome sequencing is time-consuming and expensive, target enrichment is widely applied in medical and biological professions, especially in the gene sequencing segment, with its ability to swiftly and precisely obtain data at specific sites in the genome from complex samples. Nowadays, PCR and liquid-phase hybridization capture are commonly used target capture methods. Targeted capture based on the CRISPR/Cas	Research findings achieved	To develop and apply the gene editing technology	Improved technical capabilities of the Company in medical testing

	<p>system is a more innovative technology, which employs the CRISPR/Cas system to complete target enrichment in specific gene sites. It offers more sequencing depth, identifies lower-frequency variations and shortens the detection cycle with the same sequencing throughput. Thanks to its higher specificity, shorter experimental cycle, and simpler procedures, this technology can help develop products for MRD monitoring in lung cancer, thereby improving the Company's technical capabilities and influence in the field of genetic testing.</p>			
<p>R&D and application of integrated inspection and testing service platform for emerging industries</p>	<p>This project is based on "the integration of service science theories and key technical achievements, "centered on critical areas such as new materials, new energy, energy saving and emission reduction, and environmental protection, and oriented towards the inspection, testing, certification, and calibration services across the whole process ranging from design, development, production, to O&M of important equipment, products, and key components. The project intends to study integrated inspection and testing service models, develop service resource management, service quality control, and service credit evaluation standards; research collaborative technologies for the discovery, combination, invocation and evaluation of integrated inspection and testing services, as well as the generic key technologies that support the safe and reliable operation monitoring and testing and evaluation of important equipment, products and key parts; and gather inspection and testing service resources nationwide, and develop and promote a demonstration one-stop inspection and testing service</p>	<p>Application and promotion underway</p>	<p>To apply the one-stop inspection and testing service collaboration platform developed by the project and explore a new model of one-stop inspection and testing services and systems.</p>	<p>Establishment of a public service platform for the inspection and testing industry and improved online service capabilities of the industry</p>

	collaboration platform.			
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R&D professionals in the Company

	2022	2021	Variance
Number of R&D professionals	1,602	1,601	0.06%
Number of R&D professionals as a percentage of the total	13.15%	14.44%	-1.29%
R&D professionals' education background			
Bachelor's degree	930	949	-2.00%
Master's degree	208	191	8.90%
Others	464	461	0.65%
Composition of R&D professionals by age			
Below 30	677	802	-15.59%
30-40	668	711	-6.05%
Above 40	257	88	192.05%

R&D investment by the Company in the past three years and its proportion to operating income

	2022	2021	2020
Amount of R&D investment (RMB)	434,964,770.22	375,974,472.79	308,228,794.04
R&D investment as a percentage of operating income	8.48%	8.68%	8.64%
Amount of capitalized R&D expenditures (RMB)	0.00	0.00	0.00
Capitalized R&D expenditures as a percentage of R&D investment	0.00%	0.00%	0.00%
Capitalized R&D expenditures as a percentage of net profits of the current period	0.00%	0.00%	0.00%

Reasons for and impacts of significant changes in the composition of R&D professionals

Applicable Not Applicable

Reasons for the significant changes in the proportion of total R&D investment to operating income compared with the previous year

Applicable Not Applicable

Reasons and rationality explanation for significant changes in the capitalization rate of R&D investment

Applicable Not Applicable

5. Cash flow

Unit: RMB

Item	2022	2021	Year-on-year variance
Subtotal of cash inflows from operating activities	5,200,890,775.11	4,515,607,217.60	15.18%
Subtotal of cash outflows from operating activities	4,100,442,675.12	3,442,994,475.43	19.10%
Net cash flow from operating activities	1,100,448,099.99	1,072,612,742.17	2.60%
Subtotal of cash inflows from	580,578,930.56	3,253,683,097.80	-82.16%

investment activities			
Subtotal of cash outflows from investment activities	1,277,058,608.03	3,374,919,460.77	-62.16%
Net cash flow from investment activities	-696,479,677.47	-121,236,362.97	-474.48%
Subtotal of cash inflows from financing activities	317,439,965.49	60,177,304.40	427.51%
Subtotal of cash outflows from financing activities	297,223,264.17	408,046,896.70	-27.16%
Net cash flow from financing activities	20,216,701.32	-347,869,592.30	105.81%
Net increase in cash and cash equivalents	433,459,577.32	598,110,728.00	-27.53%

Description of main influencing factors of year-on-year significant changes in relevant data

Applicable Not Applicable

[Subtotal of cash inflows from investment activities]: It shows a year-on-year decrease of 82.16%, mainly due to a drop in the amount applied to redeem money management products in the current period compared with the same period in the previous year.

[Subtotal of cash outflows from investment activities]: It shows a year-on-year decrease of 62.16%, mainly due to a drop in the amount applied to purchase money management products during the reporting period compared with the same period in the previous year.

[Net cash flow from investment activities]: It shows a year-on-year decrease of 474.48%, mainly due to a drop in the net amount applied to redeem money management products during the reporting period compared with the same period in the previous year.

[Subtotal of cash inflows from financing activities]: It shows a year-on-year increase of 427.51%, mainly due to an increase in the amount applied to increase capital received from minority shareholders in the current period compared with the same period in the previous year.

[Net cash flow from financing activities]: It shows a year-on-year increase of 105.81%, mainly due to an increase in the amount applied to increase capital received from minority shareholders in the current period compared with the same period in the previous year.

Reasons for the significant difference between the net cash flow from operating activities of the Company during the reporting period and the net profits for the current year

Applicable Not Applicable

V. Non-main business

Applicable Not Applicable

Unit: RMB

	Amount	As a percentage of total	Cause	Whether it is sustainable
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		profit		
Investment income	44,129,269.02	4.31%		No
Gain or loss from changes in fair value	10,651,162.59	1.04%	Adjustment in the type of money management products purchased in the current period	No
Asset impairment	-1,080,047.21	-0.11%	Impact of the provision made for loss of impairment in contract assets	No
Non-operating income	5,125,417.41	0.50%		No
Non-operating expenses	3,543,200.88	0.35%	Decrease in extraordinary expenses of the current period compared with the same period in the previous year	No
Financial expenses	-10,828,394.27	-1.06%	Mainly due to the increase in the exchange gain of the current period over the same period of the previous year as a result of exchange rate fluctuations, and the increase in the income from time deposit interest over the same period of the previous year	No
Credit impairment loss	-52,856,079.41	-5.16%	Impact of the provision made for loss of impairment in accounts receivable	No
Asset disposal income	1,071,272.66	0.10%	Increase in gain on disposal during the current period	No

IV. Assets and liabilities

1. Significant changes in asset composition

Unit: RMB

	End of 2022		Beginning of 2022		Variance in percentage	Explanations for significant changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Monetary fund	1,601,569,785.65	20.59%	1,163,194,111.62	17.96%	2.63%	It is mainly due to the increase in operating cash.
Accounts receivable	1,388,835,385.86	17.85%	1,023,426,752.28	15.80%	2.05%	It is mainly due to the Company's cycle of settlement with project-based and governmental customers.

Contract assets	143,800,353.61	1.85%	137,821,410.86	2.13%	-0.28%	
Inventories	97,332,127.76	1.25%	55,375,076.19	0.86%	0.39%	It is mainly due to the increase in contract performance cost compared to the beginning of the year.
Investment real estate	31,827,881.29	0.41%	33,059,123.19	0.51%	-0.10%	
Long-term equity investment	244,148,400.10	3.14%	215,608,164.88	3.33%	-0.19%	
Fixed assets	1,725,607,152.39	22.18%	1,456,976,877.26	22.50%	-0.32%	
Construction in progress	468,579,870.53	6.02%	360,955,910.73	5.57%	0.45%	
Right-of-use assets	307,081,157.36	3.95%	292,243,323.44	4.51%	-0.56%	
Short-term borrowings	2,002,750.00	0.03%	4,746,245.60	0.07%	-0.04%	It is mainly due to the Company's repayment of due loans in the current period.
Contract liabilities	128,957,989.41	1.66%	118,246,096.02	1.83%	-0.17%	
Long-term borrowings	4,106,411.82	0.05%	42,867,074.36	0.66%	-0.61%	It is mainly due to the Company's repayment of due loans in the current period.
Lease liabilities	229,367,377.28	2.95%	217,206,715.05	3.35%	-0.40%	
Financial assets held for trading		0.00%	420,840,936.13	6.50%	-6.50%	It is mainly due to the redemption of due money management products.
Notes receivable	22,613,299.82	0.29%	9,895,893.18	0.15%	0.14%	It is mainly due to customer payment through notes.
Dividends receivable		0.00%	609,662.48	0.01%	-0.01%	It is mainly due to the withdrawal of dividends in the current period.
Other current assets	539,749,340.16	6.94%	78,345,545.84	1.21%	5.73%	It is mainly due to the increase of new certificates of deposit in the current period.
Deferred income tax assets	78,525,296.89	1.01%	56,945,878.11	0.88%	0.13%	It is mainly due to the increase in temporary differences

						deductible during the current period.
Financial liabilities held for trading	1,900,000.00	0.02%	9,138,508.21	0.14%	-0.12%	It is mainly due to the payment of contingent consideration in the current period.
Accounts payable	748,532,167.58	9.62%	553,613,454.02	8.55%	1.07%	It is mainly due to the increase in facility project expenses and material expenses payable.
Dividends payable	31,042.91	0.00%	1,631,042.91	0.03%	-0.03%	It is mainly due to the payment of dividends in the current period.
Other current liabilities	2,252,644.71	0.03%	1,659,984.93	0.03%	0.00%	It is mainly due to the increase in deferred input VAT.
Capital reserve	427,520,263.71	5.50%	186,693,947.13	2.88%	2.62%	It is mainly due to the exercise of the Company's incentive equity and the capital increase by minority shareholders in the current period.
Treasury shares	35,491,855.22	0.46%	0	0.00%	0.46%	It is mainly due to the Company's repurchase of shares in the current period.
Undistributed profit	3,109,941,135.25	39.97%	2,362,107,773.22	36.47%	3.50%	It is mainly due to increased profit as a result of sound profitability of the Company.
Minority equity	198,199,420.76	2.55%	100,286,310.45	1.55%	1.00%	It is mainly due to the capital increase by minority shareholders in the current period.

Foreign assets account for a large proportion.

Applicable Not Applicable

2. Assets and liabilities measured at fair value

Applicable Not Applicable

Unit: RMB

Item	Beginning balance	Gain/loss from changes in fair value in the current period	Accumulated changes in fair value recognized in equity	Impairment provided for in the current period	Purchase amount in the current period	Sales amount in the current period	Other changes	Ending balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	420,840,936.13	1,107,453.77			100,000,000.00	521,948,389.90		
Other non-current financial assets	36,143,800.18	5,942,800.00				801,563.06		41,285,037.12
Total of items abovementioned	456,984,736.31	7,050,253.77			100,000,000.00	522,749,952.96		41,285,037.12
Financial liabilities	9,138,508.21	3,600,908.82			1,900,000.00	5,448,260.11	89,339.28	1,900,000.00

Other changes

N/A.

The measurement attribution of the Company's main assets in the reporting period was significantly changed.

Yes No**3. Restrictions on asset rights at the end of the reporting period**

Item	Amount (RMB)	Reason for restriction
Monetary fund	26,900,637.94	Bid bond, performance bond, time deposit or notice deposit as security, and advance payment bond

V. Investment analysis**1. Overview**Applicable Not Applicable**2. Significant equity investment obtained during the reporting period**Applicable Not Applicable**3. Significant non-equity investment in progress during the reporting period**Applicable Not Applicable

4. Investment in financial assets**(1) Investment in securities**

Applicable Not Applicable

The Company did not invest in securities during the reporting period.

(2) Investment in derivatives

Applicable Not Applicable

The Company did not invest in derivatives during the reporting period.

5. Utilization of raised funds

Applicable Not Applicable

(1) Overall utilization of raised funds

Applicable Not Applicable

Unit: RMB 10,000

Year of raising	Raising method	Total amount of funds raised	Total amount of raised funds used in the current period	Total amount of raised funds used	Total amount of raised funds changed in purpose of use during the reporting period	Total amount of raised funds changed in purpose of use	Total amount of raised funds changed in purpose of use as a percentage	Total amount of raised funds unused	Purpose of raised funds unused and their allocation	Amount of raised funds left idle for more than two years
2016	Private placement of RMB ordinary shares	90,521.38	8,222.62	98,696.41	0.00	46,169.82	51.00%	0.00	With the fund-raising projects ended and the special accounts for raised funds closed, the account balance, i.e., the income from interest settlement by the bank, totaling RMB 31,898.48, is used to supplement the Company's working capital.	0.00
Total	--	90,521.38	8,222.62	98,696.41	0.00	46,169.82	51.00%	0.00	--	0.00

Overall utilization of raised funds Note
<p>(I) Amount of actually raised funds and time of being credited into account</p> <p>Approved by the China Securities Regulatory Commission in the Reply on Approval of Private Placement by Centre Testing International Group Co., Ltd. (ZJXX [2016] No. 1500), and agreed by Shenzhen Stock Exchange, the Company offered 71,539,657 RMB ordinary shares (A share) to 5 investors through a private placement in September 2016 at the issue price of RMB 12.86/share, raising RMB 919,999,989.02 in total. The amount of RMB 906,899,989.13 after deduction of the underwriting and sponsoring fees, i.e., RMB 13,099,999.89, was transferred by the underwriter, Changjiang Financing Services Co., Ltd., to the regulatory account for raised funds of the Company on September 29, 2016. And after deduction of new external expenses directly related to the issuance of equity securities, i.e., RMB 1,686,200.00, including the expenses for online offering, prospectus printing, reporting accountants, attorneys and assessment, the net amount of funds raised in this placement by the Company was RMB 905,213,789.13. The availability of the raised funds above was verified by Pan-China Certified Public Accountants LLP with the Capital Verification Report (TJY [2016] No. 3-133).</p> <p>(II) Use and balance of raised funds</p> <p>The accumulated amount of raised funds used by the Company in previous years reached RMB 904,737,853.22, and the accumulated net amount of bank deposit interests received in the previous years was RMB 81,278,350.08 after deduction of bank charges, etc. The amount of raised funds actually used in 2022 was RMB 82,226,214.78. The net amount of bank deposit interests received in 2022 was RMB 504,840.69 after deduction of bank charges, etc. As of December 31, 2022, the accumulated amount of raised funds used reached RMB 986,964,068.00, and the accumulated net amount of bank deposit interests received was RMB 81,783,190.77 after deduction of bank charges, etc.</p> <p>As of December 31, 2022, the special bank account for raised funds had been canceled, with a balance of RMB 0.</p>

(2) Projects committed for investment by raised funds

Applicable Not Applicable

Unit: RMB 10,000

Projects committed for investment and allocation of oversubscribed funds	Whether the project has been (or partially) altered	Total committed investment by raised funds	Total investment after alteration (1)	Amount invested in the current reporting period	Total amount invested by the end of the period (2)	Investment progress by the end of the period (3)=(2)/(1)	Date of the project ready for intended use	Benefits generated in the current reporting period	Total benefits generated by the end of the reporting period	Whether expected benefits have been achieved	Whether there is any significant change in project feasibility
Projects committed for investment											
Phase I of CTI East China Comprehensive Testing Base (Shanghai)	Yes	44,276.76	30,276.76		32,498.63	107.34%	March 31, 2020	-67.81	1,984.12	Not applicable	No
Phase I of CTI East China Testing Base (Suzhou)	Yes	21,646.42	12,646.42		14,066.41	111.23%	August 31, 2020	3,096.96	8,063.55	Not applicable	No
Construction of information-based system and data center	Yes	14,758.92	1,384.86		1,546.32	111.66%	March 31, 2021			Not applicable	No
Product authenticity and traceability testing platform based on stable isotope	Yes	5,903.57	43.52		43.52	100.00%	December 31, 2019			Not applicable	No
High through-put gene testing platform	Yes	3,935.71				0.00%	December 31, 2018			Not applicable	No
Establishment of Southern Testing	No		11,574.06		14,502.16	125.30%	December 31, 2021			Not applicable	No

Base											
Establishment of Northern Testing Base	No		15,800.00	4,310.90	16,382.18	103.68%	December 31, 2022			Not applicable	No
Establishment of Central China Testing Base	No		9,795.76	1,129.31	10,607.51	108.29%	December 31, 2022			Not applicable	No
Establishment of Qingdao Testing Base	No		9,000.00	2,782.41	9,049.68	100.55%	December 31, 2025			Not applicable	No
Subtotal	--	90,521.38	90,521.38	8,222.62	98,696.41	--	--	3,029.15	10,047.67	--	--
Allocation of oversubscribed funds											
N/A.											
Total	--	90,521.38	90,521.38	8,222.62	98,696.41	--	--	3,029.15	10,047.67	--	--
Notes on the failure to make the planned progress or achieve the expected revenue and its reason by project (including reasons for selecting "Not applicable" for "Whether expected benefits have been achieved")	<p>Note 1: Among the five projects under private placements in 2016, the projects "product authenticity and traceability testing platform based on stable isotope" and "high through-put gene testing platform" are terminated, and the remaining funds are invested in the establishment of Central China Testing Base. For details, please refer to the adjustment to the implementation mode of projects invested by raised funds. "Phase I of CTI East China Comprehensive Testing Base (Shanghai)" and "Phase II of CTI East China Testing Base (Suzhou)" are gradually generating expected benefits. The Company has optimized the implementation plan for the "construction of information-based system and data center," and is advancing the project with its own funds.</p> <p>Note 2: In 2017, there was a change in the raised funds, namely, the allocation of funds to non-public projects of 2016 was adjusted. In 2020, there was a change in the raised funds. The Company transferred RMB 18,000,000 from the funds raised for the "construction of information-based system and data center" to fund the construction of the Northern Testing Base. For details, please refer to the adjustment to the implementation mode of projects invested by raised funds. The "Southern Testing Base" project was completed as planned on December 31, 2021. The "Northern Testing Base," "Central China Testing Base" and "Qingdao Testing Base" were completed as planned in 2022. The "Southern Testing Base" and "Central China Testing Base" were engaged in the relocation of laboratories during the reporting period. The "Northern Testing Base" and "Qingdao Testing Base" have not yet completed renovation and laboratory relocation. The above testing bases are anticipated to generate expected benefits upon relocation.</p>										
Notes on significant changes in project feasibility	Not applicable										
Amount, purpose and use progress of oversubscribed funds	Not applicable										
Changes in the implementation location of projects invested by raised funds	Applicable										
	Changes occurred in previous years										
Changes in the implementation method of projects invested by raised funds	<p>At its 27th Meeting held on May 20, 2019, the 4th Board of Directors deliberated and adopted the Proposal on Increasing the Implementation Location of Some Fund-raising Projects, where it was agreed to establish "Phase II of CTI East China Testing Base (Suzhou)." Suzhou CTI Testing Technology Co., Ltd. was the implementer of "Phase II of CTI East China Testing Base (Suzhou)," a fund-raising project of the Company, and the originally planned implementation location was at No. 3286, Chengyang Road, Xiangcheng District, Suzhou. On May 8, 2019, the implementor Suzhou CTI Testing Technology Co., Ltd. set up a branch company in Kunshan. In order to more effectively integrate the resources of subsidiaries, an implementation site was added, i.e., Zhihuixincheng Eco-industry Park, No. 1206, Jinyang East Road, Lujia Town, Kunshan City, to continue the joint implementation of the project.</p>										
	<p>Applicable</p> <p>Changes occurred in previous years</p> <p>The Proposal on Changing the Purpose of Raised Funds was deliberated and adopted at the 11th Meeting of the 4th Board of Directors and the 8th Meeting of the 4th Board of Supervisors held on August 23, 2017.</p> <p>Considering the Company's business expansion and industrial developments, and for the purpose of developing regional markets, the Company has planned to build regional testing centers in major cities across the country. Land use rights have been obtained in some regions, and the approval procedures with competent authorities are expected to be completed in the near future. Therefore, the Company is in high demand for capital. The funds raised via the private placement in 2016 were available in September 2016. Some projects go well, while some are making slow progress, which leads to a great deal of idle raised funds. To increase the use efficiency of raised funds and reasonably allocate the resources of the Company, according to the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, the Guidelines for the Standard Operation of Listed Companies for the ChiNext Board and other applicable</p>										

	<p>regulations at the time, the Company has adjusted the allocation of funds to non-public projects of 2016, namely:</p> <ol style="list-style-type: none"> 1. Adjust the funds for "Phase I of CTI East China Comprehensive Testing Base (Shanghai). "Given the project's actual progress and capital requirements, the project fund of RMB 140,000,000 is adjusted to be used for the construction of the Northern Testing Base. 2. Adjust the funds for "construction of information-based system and data center. "Due to the long construction cycle of information projects, the project's capital demand is not large in the short term, resulting in a large amount of idle funds. To improve use efficiency, the Company has adjusted the use of some funds for the purpose of base construction according to the project's progress and schedule of capital use. The Company will continue the project stage by stage and meet subsequent capital demands with its own funds. RMB 115,740,600 is transferred from the project funds and invested in the construction of the Southern Testing Base. 3. The projects "product authenticity and traceability testing platform based on stable isotope "and "high through-put gene testing platform " are terminated. The projects above are in the preliminary stage in the whole market, resulting in low market demand and small short-term capital demand. In order to improve use efficiency, the Company has used the remaining funds of RMB 97,964,800 to invest in the construction of the Central China Testing Base. (Due to the fact that two decimals are not retained in the announced data concerning the change of purpose during the reporting period, there is a difference of RMB 7,200 in the amount of change). The Company will use self-raised funds for subsequent capital demands according to project progress. 4. The Proposal on Changing the Purpose of Raised Funds was deliberated and adopted at the 14th Meeting of the 4th Board of Directors and the 11th Meeting of the 4th Board of Supervisors held on April 26, 2018. <p>Considering the requirement of base construction and the fund use arrangement for "Phase II of CTI East China Testing Base (Suzhou), "to increase the use efficiency of raised funds and reasonably allocate the resources of the Company, according to the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, the Guidelines for the Standard Operation of Listed Companies for the ChiNext Board and other applicable regulations at the time, the Company has adjusted the allocation of funds to non-public projects of 2016, including the "Phase II of CTI East China Testing Base (Suzhou). "Based on the project's actual progress and capital requirements, the project funds of RMB 90,000,000 are adjusted to be used for the construction of the Qingdao Testing Base.</p> <ol style="list-style-type: none"> 5. The Proposal on Changing the Purpose of Raised Funds was deliberated and adopted at the 6th Meeting of the 5th Board of Directors and the 6th Meeting of the 5th Board of Supervisors held on August 17, 2020. <p>According to the construction progress of projects invested by raised funds of the Company, to further increase efficiency in using raised funds and ensure that the raised funds are effectively used, the Company plans to transfer RMB 18,000,000 from the funds raised for the "construction of information-based system and data center "to fund the construction of the Northern Testing Base.</p>
Upfront investment in projects invested by raised funds and replacement	<p>Applicable</p> <p>On December 6, 2016, the Proposal on Using Raised Funds to Replace Self-raised Funds as the Upfront Investment in Projects Invested by Raised Funds was deliberated and adopted at the 6th Meeting of the 4th Board of Directors, where the Company was agreed to replace its own funds (RMB 45,366,400) previously invested in the project with raised funds. The aforesaid investment and replacement were audited by Pan-China Certified Public Accountants LLP with the Verification Report on Centre Testing International Group Co., Ltd.'s Upfront Investment in Projects Invested by Raised Funds with Self-raised Funds (TJS [2016] No. 3-624).</p>
Temporary supplementation of working capital with idle raised funds	Not applicable
Surplus in funds raised for project implementation and reason	<p>Applicable</p> <p>As of March 31, 2020, the implementation of "Phase I of CTI East China Comprehensive Testing Base (Shanghai) "had been completed. The total committed investment of the project was RMB 302,767,600 and the total investment was RMB 324,836,700 (including the investment income and interest generated from cash management while the raised funds were deposited). In the account of raised funds, net of the last payment (RMB 149,900) for the project made on April 1, 2020, the surplus was RMB 5,630,600 (including interest income), representing 1.86% of the total committed investment to the project by raised funds. On April 17, 2020, the Company closed the investment project "Phase I of CTI East China Comprehensive Testing Base (Shanghai)," and applied in full the remaining amount of raised funds RMB 5,630,600 (including interest income, subject to the bank interest settlement on the date of transfer) to the project "Northern Testing Base" under construction, so as to meet future capital needs of the investment project.</p> <p>As of March 31, 2021, the "construction of information-based system and data center "had been completed. The total committed investment of the project was RMB 13,848,600 and the total investment was RMB 15,463,200 (including the investment income and interest generated from cash management while the raised funds were deposited). The surplus was RMB 2,743,600 (including interest income), representing 19.81 % of the total committed investment to the project by raised funds. On April 19, 2021, the Company closed the investment project "construction of information-based system and data center," and applied in full the remaining amount of raised funds RMB 2,743,600 (including interest income, subject to the bank interest settlement on the date of transfer) to the project "Southern Testing Base" under construction, so as to meet future capital needs of the investment project.</p>
Usage and location of raised funds unused	As of December 31, 2022, a total of RMB 986,964,100 of raised funds (including the investment income and interest generated from cash management while the raised funds were deposited) had been invested in the projects committed for investment by funds raised via private placement, and all investment projects showed an investment progress of over 100%. This year, the Company completed the cancellation

	procedures for the following special accounts for raised funds: China Guangfa Bank Shenzhen Jingu Sub-branch (Account: 9550880203388300169), China Resource Bank Shenzhen Futian Sub-branch (Account: 213223272817600001), and China Resource Bank Shenzhen Futian Sub-branch (Account: 219210057988300003). The interest income in the accounts following interest settlement by the three banks, which totaled RMB 31,898.48, is used to supplement the Company's working capital.
Problems in the use and disclosure of raised funds or other notes	N/A.

(3) Changes to projects using raised funds
Applicable Not Applicable

Unit: RMB 10,000

Project after the change	Original project committed	Total amount of funds raised to be invested in the project after the change (1)	Amount actually invested in the current reporting period	Total amount actually invested by the end of the period (2)	Investment progress by the end of the period (3)= (2)/(1)	Date of the project ready for intended use	Benefits generated in the current reporting period	Whether expected benefits have been achieved	Whether there is any significant change in project feasibility after the change
Establishment of Southern Testing Base	Construction of information-based system and data center	11,574.06		14,502.16	125.30%	December 31, 2021		Not applicable	No
Establishment of Northern Testing Base	Phase I of CTI East China Comprehensive Testing Base (Shanghai)/Construction of information-based system and data center	15,800.00	4,310.90	16,382.18	103.68%	December 31, 2022		Not applicable	No
Establishment of Central China Testing Base	Product authenticity and traceability testing platform based on stable isotope/High throughput gene testing platform	9,795.76	1,129.31	10,607.51	108.29%	December 31, 2022		Not applicable	No
Establishment of Qingdao Testing Base	Phase I of CTI East China Testing Base (Suzhou)	9,000.00	2,782.41	9,049.68	100.55%	December 31, 2025		Not applicable	No
Total	--	46,169.82	8,222.62	50,541.53	--	--		--	--
Notes on the reason for change, decision-making procedure and information disclosure (by project)		<p>I. The Proposal on Changing the Purpose of Raised Funds was deliberated and adopted at the 11th Meeting of the 4th Board of Directors and the 8th Meeting of the 4th Board of Supervisors held on August 23, 2017.</p> <p>Considering the Company's business expansion and industrial developments, and for the purpose of developing regional markets, the Company has planned to build regional testing centers in major cities across the country. Land use rights have been obtained in some regions, and the approval procedures with competent authorities are expected to be completed in the near future. Therefore, the Company is in high demand for capital. The funds raised via the private placement in 2016 were available in September 2016. Some projects go well, while some are making slow progress, which leads to a great deal of idle raised funds. To increase the use efficiency of raised funds and reasonably allocate the resources of the Company, according to the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, the Guidelines for the Standard Operation of Listed Companies for the ChiNext Board and other applicable regulations, the Company has adjusted the allocation of funds to non-public projects of 2016, namely:</p> <p>1. Adjust the funds for "Phase I of CTI East China Comprehensive Testing Base (Shanghai)." Given the</p>							

	<p>project's actual progress and capital requirements, the project fund of RMB 140,000,000 is adjusted to be used for the construction of the Northern Testing Base.</p> <p>2. Adjust the funds for "construction of information-based system and data center. "Due to the long construction cycle of information projects, the project's capital demand is not large in the short term, resulting in a large amount of idle funds. To improve use efficiency, the Company has adjusted the use of some funds for the purpose of base construction according to the project's progress and schedule of capital use. The Company will continue the project stage by stage and meet subsequent capital demands with its own funds. RMB 115,740,600 is transferred from the project funds and invested in the construction of the Southern Testing Base.</p> <p>3. The projects "product authenticity and traceability testing platform based on stable isotope "and "high through-put gene testing platform "are terminated. The projects above are in the preliminary stage in the whole market, resulting in low market demand and small short-term capital demand. In order to improve use efficiency, the Company has used the remaining funds of RMB 97,964,800 to invest in the construction of the Central China Testing Base. (Due to the fact that two decimals are not retained in the announced data concerning the change of purpose during the reporting period, there is a difference of RMB 7,200 in the amount of change). The Company will use self-raised funds for subsequent capital demands according to project progress.</p> <p>II. The Proposal on Adjusting Details of Investment Projects was deliberated and adopted at the 13th meeting of the 4th Board of Directors and the 10th Meeting of the 4th Board of Supervisors held on November 30, 2017.</p> <p>To further improve the use efficiency of raised funds and reduce the Company's cost of funding, in combination with the current equipment purchase needs of the Company's three testing bases, the Company increased an equipment purchase item, and set aside equipment purchase funds of RMB 36,000,000, RMB 34,000,000 and RMB 23,100,000 for the three bases, totaling RMB 93,100,000. The total amount of investment in the three testing bases remained unchanged. See details in the Notice on Adjusting Details of Investment Projects. The adjustment was deliberated and approved at the 3rd Extraordinary General Shareholders' Meeting of 2017.</p> <p>III. The Proposal on Changing the Purpose of Raised Funds was deliberated and adopted at the 14th Meeting of the 4th Board of Directors and the 11th Meeting of the 4th Board of Supervisors held on April 26, 2018.</p> <p>Considering the requirement of base construction and the fund use arrangement for "Phase II of CTI East China Testing Base (Suzhou), "to increase the use efficiency of raised funds and reasonably allocate the resources of the Company, according to the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, the Guidelines for the Standard Operation of Listed Companies for the ChiNext Board and other applicable regulations, the Company has adjusted the allocation of funds to non-public projects of 2016, including the "Phase II of CTI East China Testing Base (Suzhou). "Based on the project's actual progress and capital requirements, the project funds of RMB 90,000,000 are adjusted to be used for the construction of the Qingdao Testing Base. The adjustment was deliberated and approved at the Annual General Shareholders' Meeting of 2017.</p> <p>IV. The Proposal on Changing the Purpose of Raised Funds was deliberated and adopted at the 6th Meeting of the 5th Board of Directors and the 6th Meeting of the 5th Board of Supervisors held on August 17, 2020.</p> <p>According to the construction progress of projects invested by raised funds of the Company, to further increase efficiency in using raised funds and ensure that the raised funds are effectively used, the Company plans to transfer RMB 18,000,000 from the funds raised for the "construction of information-based system and data center "to fund the construction of the Northern Testing Base.</p> <p>The content above has been disclosed on Cninfo.com.cn, the information disclosure website designated by the CSRC.</p>
Failure to make the planned progress or achieve the expected revenue and reason (by project)	N/A.
Notes on significant changes in project feasibility after change	N/A.

VIII. Sale of major assets and equity

1. Sale of major assets

Applicable Not Applicable

The Company did not sell major assets in the reporting period.

2. Sale of major equity

Applicable Not Applicable

IX. Analysis of major controlled and associate companies

Applicable Not Applicable

Information on major subsidiaries and associate companies with an impact of more than 10% on net profits of the Company

Unit: RMB

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profits	Net profits
Shanghai CTI Pinchuang Medical Testing Co., Ltd.	Subsidiary	Provision of pharma and clinical services	374,252,600.00	852,779,959.53	600,782,411.32	560,082,662.66	143,870,536.50	126,626,990.00

Acquisition and disposal of subsidiaries in the reporting period

Applicable Not Applicable

Company name	Method for acquisition and disposal of subsidiaries in the reporting period	Impact on overall production, operation and performance
CTI (Nantong) Automobile Technology Service Co., Ltd.	Merger with business not under the same control	No material impact
Jilin Anxin Food Technology Service Co., Ltd.	Merger with business not under the same control	No material impact
Guangzhou CTI Pinjian Biotechnology Co., Ltd.	Establishment	No material impact
Sichuan CTI Testing Technology Co., Ltd.	Establishment	No material impact
CTI Data Certification and Testing (Shenzhen) Co., Ltd.	Establishment	No material impact

Notes on major controlled and associate companies

Shanghai CTI Pinchuang Medical Testing Co., Ltd. is a holding subsidiary of CTI. Its business scope is: General items: inspection and testing services, including technology development, technical services, technology transfer, technical consulting in the field of testing technology and biotechnology, and information technology consulting services. (Except for the items subject to approval according to law, business activities shall be carried out independently according to the law and business licenses).

X. Structured entities controlled by the Company

Applicable Not Applicable

XI. Prospects for the future development of the Company

(I) Development strategy for the future

In the new "dual circulation" development paradigm where domestic and foreign markets reinforce each other, with the domestic market as the mainstay, the inspection and testing industry faces unprecedented development opportunities and challenges. Active in embracing changes, the Company adheres to high-quality development as its strategic direction, and has identified lean management, digital transformation, strategic investment, and talent empowerment as development strategies. It aims to accelerate international development and expand brand influence, committed to growing into the most international TIC institution in China that knows the Chinese market best.

1. Reinforce lean management for improved operational efficiency

Along with the rapid development of China's inspection and testing industry, clustering has become inevitable. The main competitiveness in the industry lies in operational efficiency. Lean management is an important means of high-quality development for the Company, as a pioneer and leader in domestic third-party testing and certification services. Considering "Lean" part of its core values, the Company is determined to promote lean culture, in a bid to continuously improve its operational efficiency and profit margin.

2. Advance digital strategy for both leanness and innovation

Well aware of the importance of digital transformation to business development, the Company actively explores the possibilities of creating more value for customers through the comprehensive application of digital technology. Its digital strategy, on the one hand, is centered on continuously improving internal business processes using digital technology, building a bridge between digital means and business divisions for better operational efficiency and coordination, and on the other hand, it aims to provide digital services to improve customer experience. Besides the launch of CTI MALL, it has also increased investment in automated and digital testing. Keeping abreast of the specific and latest needs of customers, CTI will adjust its pace in time and continue advancing towards its own development goals. The Company's customer service management system MYCTI, with integrated functions such as report query, report authorization, certificate query, application progress query, and online order placement, is expected to provide customers with a simpler and more convenient service experience and boost the rapid development of the Group's testing business.

3. Persist in strategic investment for stronger international development

Considering the constant innovation of new technologies and industries such as new energy, new materials, high-end equipment, AI, and life health, the international talent and technology competition becomes increasingly fierce, making innovation and internationalization necessary measures to seek long-term development. The Company has increased investment in the fields of pharma and clinical services, new material testing, semiconductor chips, rail transit, NEV and IoV, and identified them as key growth pillars in the medium and long run. To seek international development, broaden international influence, and grow into a platform with global operations, it continues to promote the strategic investment in overseas M&A, train and introduce international talent, build an international sales network, and contribute to international standards.

4. Adhere to talent empowerment for high-quality development

Talent and teams are the driving engine for the Company's development, as well as the key to victory in competitions. CTI hence endeavors to explore innovative talent management mechanisms. Through ongoing efforts to optimize internal talent training, it gathers elites and educate them on cooperate values on the basis of corporate culture and diversified assessment and incentive mechanisms. In the meantime, to boost its efficient development with leading organizational capabilities, the Company works hard to improve the leadership of the core team, optimize the organizational operation model, and upgrade the management and operation structure.

5. Insist on green development for sustainable value

Consistent efforts are spared to improve the Company's ESG management structure and ESG management system, and enhance its ESG management capabilities. It fulfills social responsibilities and acts as an industry benchmark, so as to raise its brand

awareness. On the other hand, it has been planning low-carbon and sustainable development business since it went public. By providing customers with services related to ESG, as well as carbon neutrality and peak carbon emissions, it hopes to help them identify environmental risks, reduce environmental impact, and achieve green production, so that they could embrace greener and healthier development throughout their sustainability journey.

(II) Work plan for 2023

For 2023, the Company will focus on the established development strategies, and ensure steady growth in economic indicators from 2022 through the following priorities.

1. Reinforce lean management and improve operational efficiency

After years of constant refined management, the Company's operational efficiency has seen a great improvement. In 2023, the Company will comprehensively reinforce lean management and continue to increase operating efficiency through an array of approaches. Following the establishment of testing bases in cities with high revenue, base managers were appointed at the beginning of 2023 to lead the Group's sustained and rapid development in key locations. This move is expected to produce a horizontal force in the matrix structure and enhance service quality and efficiency. With lean management achieving success in 2022, lean culture is expected to spread throughout the Group in 2023. Automated and digital technologies will be explored to continuously optimize laboratory processes, reduce waste, and improve laboratory efficiency. Moreover, the Company has plans for the following aspects: to continue improving per capita efficiency and cash flow management; to turn losses into profits in loss-making laboratories; and to empower M&A and generate synergy for greater operational efficiency.

2. Increase investment in strategic tracks and boost international development

China rolled out a number of policies favorable to the fast expansion of inspection and testing bodies during the 14th Five-Year Plan period. This motivates the Company to keep an eye on the global market and invest in emerging fields. On the one hand, it keeps tapping into its potential in advantageous fields such as environment, food, and trade assurance in a bid to extend to existing business segments. On the other hand, honoring the enterprising spirit, it encourages greater investment in strategic tracks such as pharma and clinical services, semiconductor chips, transport, metering, and services for carbon neutrality and peak carbon emissions. Efforts will be made to locate new prospective markets through innovative mechanisms, and inspire business divisions to invest and grow, preserving momentum for the Company's continued growth. To speed up international development, CTI will also further internationalize its ship services, seek worldwide clients in the field of consumer goods testing, and build a strategic network in Southeast Asia. Meanwhile, it will optimize global operations and improve its strategic M&A and integration capabilities, with the goal of becoming a platform that empowers the companies it has merged with.

3. Optimize talent training and development and establish an industry-leading team

The Company has gradually built a scientific and sound talent training and development system. Since 2019, it has developed systematic leadership programs for middle and senior managers –LAP and HAP, upgraded the Sunshine Plan for recruiting fresh graduates on campus, launched a general competence open class for all employees, and organized the Climb To Win program to improve the managerial knowledge and skills of a large number of junior managers working in the front line of operation. These efforts have systematically enhanced CTI's "head, waist, and leg forces." In the meantime, the Company's incentive mechanism is under constant optimization. Employee stock ownership plan, stock option incentive plan, partnership and other approaches are in place to motivate senior executives. The Company aims to establish a sound incentive mechanism, attract more outstanding professionals, and enhance its sustainable competitiveness. So far, it has completed repurchase of 3 million shares, which will be used for employee stock ownership plans or stock option incentive plans.

The Company continues optimizing talent training and development, while promoting talent training programs such as HAP and LAP. It actively trains and reserves overseas managers and technicians to prepare for its international development, and constantly introduces industrial elites from outside. Through internal training and external absorption, it hopes to build a complete talent matrix and establish a leadership model, so that employees may flow smoothly and form up into a first-class team, maintaining the Company's position as an industry leader.

4. Enhance brand awareness and support sustainable development

Looking forward to 2023, the Company intends to boost its business development and brand building by leveraging the leading role of core values and advocating long-termism and entrepreneurship. A Quality Management Committee has been established to elevate quality issues to the Group level and carry out internal "double random" checks and HSE inspections to identify risks and make corrections accordingly. CTI has applied to join the TIC Council, demanding itself with higher standards. Through ever-improving QHSE management, it aims for better service quality and performance. ESG management will be enhanced via more detailed measures to promote the standardized, international and specialized ESG development of the Group, and comprehensively improve the Company's ESG performance. By upgrading its expertise in green, low-carbon and energy-saving services, ESG and other related fields, CTI intends to provide customers with methods, technologies and support for sustainable development, and assist them in improving their safety and quality performance. Furthermore, it will continuously reinforce the management by the Board of Directors and control internal management risks for the purpose of stable operations, creating value for shareholders and giving back to investors.

(III) Potential risks

1. Risk of credibility and brand being affected by adverse events

Credibility and brand are the motive force for the sustainable development of the Company as a testing and certification body, as well as the foundation of its business survival. It is only possible for the Company to gradually expand its market share and gain a favorable position in market competition when customers recognize its technology and impartiality. Once credibility and brand are impaired by quality problems, the Company will lose customers, along with impact on business development and profitability. Under severe circumstances, the Company might be disqualified for certification & testing, impeding its continued operations.

The Company attaches great importance to the maintenance of credibility and brand, actively advocates integrity-based values, and has established a sound internal quality management system to ensure the truthfulness and accuracy of test reports and continuously improve the quality of test services. The Company has established the Measures for Group Quality Supervision and Management, the Measures for Laboratory Quality Supervision and Management, and the Measures for Quality Professionals Management according to ISO/IEC 17025, ISO/IEC 17020, the Criteria for Accreditation of Laboratory Qualification and other requirements with a view to regulate the quality supervision of the Group, to ensure that the testing/calibration activities carried out by laboratories comply with laws and regulations, the standards and rules of China National Accreditation Service for Conformity Assessment (CNAS) and China Metrology Accreditation (CMA) and to reduce quality risks. The QHSE Department of the Group is responsible for quality management and control as a whole, and the Group has vertical control over quality, health, safety and environment. The business divisions, subsidiaries and operation outlets additionally establish relevant regulations and strengthen quality control, depending on their business characteristics. Ensuring the continuous improvement in quality professionals' capabilities is an important approach for quality management and control. In 2022, the Company introduced the External Reviewer Incentive Management System to encourage employees to become external reviewers, broaden their horizons, pursue diversified values, and improve skills, bringing them to a new height. During the reporting period, the Group held a total of 23 offline quality training sessions, including Laboratory Accreditation/Qualification Certification Internal Auditor Training and Quality Supervisor Training. A total of 692 employees participated in the offline quality training, with a total of 7,472 hours of training hours and a satisfaction rate of 94.39%. The Group held a total of 9 online live training sessions, including courses such as Internal Double Random Training and Promotion and Implementation of Group Quality Supervision and Inspection Management Measures. A total of 923 employees participated in the online quality training, with a total of 3,291 training hours and a satisfaction rate of 96.36%. The Group also delivered multiple training sessions via recorded videos, with a total of 37,765 participants and 16,279.92 training hours.

"Integrity" is at the top of the Company's values, and "independence, "fairness" and "honesty" are the essential requirements for business. The Company has established the Procedures for Guaranteeing Independence, Fairness and Honesty and the Administrative Procedures for the Fairness of Certification Activities to ensure the independence and impartiality of all the Company's inspection and testing efforts, and insist on independent, objective, and truthful reporting of testing and calibration free from external influence. The Company has established an Impartiality Maintenance Committee to regulate and supervise the

fairness of certification services. The Impartiality Maintenance Committee supervises and reviews certification work in accordance with the Operational Procedures of the Impartiality Maintenance Committee. Through regular training, we keep certification professionals abreast of certification regulations and educate them on professional ethics and code of conduct. The Employee Handbook has also specified the disciplinary rules for soliciting or accepting bribes, kickbacks or illegal benefits.

The Company has established the Clean Governance Handbook, added and strengthened provisions on anti-corruption and anti-commercial bribery in the Code of Business Conduct in line with the United Nations Convention against Corruption and other international treaties and practices, Transparency International's technical guides for clean governance, national laws and regulations and customers' clean governance requirements. By operating and developing under high-standard morality, the Company aims to defend the brand philosophy and credibility value treasured by the Company from beginning to end by means of regulation and technology.

2. Market and policy risks

The testing industry is guided by policies. With the development of the testing industry worldwide, the testing mechanisms in different countries are increasingly consistent, i.e., the government or industry association manages testing bodies through market access rules such as assessment and approval, to market testing and conformity assessment services, improve service quality and promote the industrial development. Independent testing bodies are engaged in market-oriented operations based on the services they provided and as required by clients. Service charges are determined by both sides through negotiation. The testing industry in China, which has long been influenced by the planned economic system, is urged by the international community to speed up the opening of the service market after accession to the WTO. Therefore, the domestic testing industry is in urgent need of industry standards that are aligned with international rules to regulate and restrict industrial behaviors. Although open market-oriented development has been acknowledged by national policies, there may still be some policies and regulations that may hinder the market-oriented development of the industry. Uncertainties in the degree of openness granted by the government to testing persist, posing a certain degree of risk to the Company.

In view of such risk, the Company has set up a special department to be responsible for keeping close track of the policies of competent administrations, regularly reporting to the management, and proactively dealing with potential policy risks.

3. Decision-making risk in M&A and integration risk after M&A

The testing and certification industry is segmented, stretching over multiple sectors. Each segment is relatively independent, which makes fast replication difficult. It is a common practice for international testing and certification giants to quickly establish presence in new fields through M&A, which is also one of the long-term development strategies of the Company. There are substantial risks in both the selection of M&A targets and the integration after M&A.

Adhering to the principle of prudence, the Company will make a sufficient demonstration through detailed due diligence in the early stage of M&A, strategically select appropriate industries and desirable targets at home and abroad, and make an adequate analysis of return on investment (ROI). To enhance post-investment management, the Company continuously follows up on whether or not the investment is in line with the plan and expectation by introducing professional talent with integration capabilities for collaborative management and operation. In view of the risk concerning M&A decisions, the Investment Department has summarized the risks in the Company's historical investment and M&A transactions, as well as key points of negotiation and standard terms of equity agreements and compiled such into the SPA checklist and the Key Issues and Solutions of M&A, which are subject to regular updates. In the Articles of Association, the Work Rules of the Strategy and M&A Committee of the Board of Directors, and other regulations, material investment matters are managed by the Operation and Management Committee of the Group, which shall prove the feasibility of projects; according to the decision-making authority, material investment matters are submitted to the Strategy and M&A Committee of the Board of Directors, the Board of Directors and the General Shareholders' Meeting for deliberation. This improves the scientificity and quality of major investment decisions of the Company. In response to the risk in post-investment management, the Financial and HR Departments have talent reserves, and experts are recruited to the lean team to lay the foundation for lean management in the future.

4. Risk associated to an investment falling short of expectation

The testing industry has a first mover advantage. In order to establish presence across the national testing market at a faster pace, in recent years the Company has built a number of international or domestic leading laboratories or testing bases. As continuous technological innovation is seen in industries such as new energy, new materials, high-end equipment, artificial intelligence, and life health, it also brings more opportunities and challenges to the testing sector. The Company has hence increased investment in healthcare, new materials testing, semiconductor chips, rail transit, new energy vehicles (NEVs) and Internet of Vehicles (IoV) and other fields, seeing them as major growth pillars in the medium and long term plan. A laboratory can be put into formal operation only after construction, decoration, personnel recruitment, equipment purchase and qualification review. And it also takes a certain period to achieve the profit and loss balance. The profits of the Company might be impacted with the failure of new laboratories while meeting its expectations. In the future, the Company will focus on new laboratories, promote their operational efficiency and gradually release their production capacity, so that they can scale up and contribute to a steady growth of revenue and profit.

The Company controls the total amount of investment through budget management, makes a detailed analysis of return on investment (ROI), evaluates the reasonableness and necessity of each investment, and properly controls the pace of investment.

XII. Registration form for reception of investigation, communication, interview and other activities

Applicable Not Applicable

Date	Place	Method of reception	Visitor type	Visitor	Topics discussed and materials provided	Index of brief description
April 25 - April 27, 2022	The Company	Telephone	Institution	Institutional investor	Performance Briefing (2021 and Q1 2022)	Cninfo.com.cn
August 25 - August 30, 2022	The Company	Telephone	Institution	Institutional investor	Performance Briefing (H1 2022)	Cninfo.com.cn
October 26 - October 27, 2022	The Company	Telephone	Institution	Institutional investor	Performance Briefing (Q3 2022)	Cninfo.com.cn

Section IV Corporate Governance

I. Overview of corporate governance

(I) About shareholders and the General Shareholders' Meeting

The Company, in strict accordance with the Rules for the General Meetings of Shareholders of Listed Companies, the Articles of Association, the Rules of Procedures of General Shareholders' Meeting as well as regulations and requirements of the SZSE ChiNext Market, convenes the General Shareholders' Meeting as required, treats all the shareholders equally and tries its best to offer shareholders facilities to help them exercise their rights. During the reporting period, the General Shareholders' Meetings held by the Company were all convened by the Board of Directors of the Company, with witnessing lawyers invited to witness the opening and the voting procedure of the General Shareholder's Meeting and present legal opinions accordingly. The Company ensures that all shareholders have a full voice at the General Shareholders' Meeting and all shareholders, especially the minority shareholders, enjoy equal status and exercise their powers in full. During the reporting period, there was no violation of the Rules of the General Shareholders' Meeting of Listed Companies concerning the Company's General Shareholders' Meeting. The Company did not have any shareholders who individually or collectively held more than 10% of the total voting shares of the Company to request the convening of an Extraordinary General Shareholders' Meeting, and there was also no General Shareholders' Meeting proposed by the Board of Supervisors.

(II) About the Company and its controlling shareholders

Controlling shareholders of the Company had strict control over their behaviors and were not engaged in any direct or indirect interference with the decision-making and business activities of the Company in circumvention of the General Shareholders' Meeting. The Company has independent and complete operation and management capabilities, and is independent of the controlling shareholders in terms of business, assets, personnel, organization and finance. The Board of Directors, the Board of Supervisors and internal branches of the Company operate independently. During the reporting period, controlling shareholders of the Company followed the Guidelines for the Governance of Listed Companies, the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, the Guidelines for the Standard Operation of Listed Companies for the ChiNext Board, the Articles of Association and other requirements to regulate their behaviors. There was no behavior bypassing the Company's General Shareholders' Meeting to directly or indirectly interfere with the Company's decision-making and business activities, damage to interest of the Company and other shareholders, occupation of funds of the Company by controlling shareholders, or guarantee tendered by the Company for its controlling shareholders.

(III) About directors and the Board of Directors

The Board of Directors of the Company has 7 directors, including 4 non-independent directors. The number of directors and the composition of the Board of Directors comply with laws, regulations and the Articles of Association. All directors work, attend meetings of the Board of Directors, the Special Committees and General Shareholders' Meetings, and perform their duties and obligations diligently and conscientiously in accordance with the Rules of Procedures of the Board of Directors, the Working Regulations of Independent Directors, and the Self-Regulatory Guidelines No. 2 for Listed Companies - Standard Operation. In the meantime, they actively participate in exchanges and learning sessions to be familiar with relevant laws and regulations.

Subject to the Self-Regulatory Guidelines No. 2 for Listed Companies - Standard Operation, three Special Committees –the Remuneration Examination and Nomination Committee, the Audit Committee and the Strategy and M&A Committee are set up under the Board of Directors. All the three Committees are composed of directors. Independent directors in each Committee account for two-thirds of the total number of members and the Remuneration Examination and Nomination Committee and the Audit Committee are chaired by independent directors. This guarantees scientific and professional opinions and references for the decision-making of the Board of Directors. The Committees perform their duties in accordance with the Articles of Association and the rules of procedures of the Committees' meetings, without the intervention of any other department or individual of the

Company. During the reporting period, directors of the Company improved their capabilities of fulfilling their due duties by learning applicable laws and regulations.

(IV) About supervisors and the Board of Supervisors

The Board of Supervisors of the Company consists of 3 supervisors, including one employees' representative. The number of members and the composition of the Board of Supervisors are in compliance with applicable laws and regulations. Supervisors earnestly perform their duties and supervise the Company's major issues, financial status, and the legality and compliance of directors and senior executives in performing their duties as required by the Articles of Association and the Rules of Procedures of the Board of Supervisors.

(V) About performance assessment and incentive and accountability mechanism

The Company has established its own enterprise performance assessment and incentive and accountability mechanism to connect operators' income to the enterprise's operational performance. The Company's senior executives are recruited and appointed in a public and transparent manner and in compliance with applicable laws and regulations.

(VI) About information disclosure and transparency

The Company abides by laws and regulations, as well as the requirements of the Information Disclosure Regulations and the Investor Relations Management Regulations to disclose information in a truthful, accurate, timely, fair and complete manner. Secretary of the Board of Directors is designated to be responsible for information disclosure and coordination of the relationship between the Company and investors, receiving shareholders' visits, answering investors' inquiries, and providing investors with information disclosed by the Company. Securities Times, Shanghai Securities News and the ChiNext Market information disclosure website specified by the CSRC are the information disclosure newspapers and website of the Company, ensuring that all shareholders of the Company have equal access to information. During the reporting period, the Company did not give any undisclosed information to any substantial shareholder or actual controller. During the same period, the Company updated a series of regulations such as the Management Regulations on Raised Funds, the Working Regulations of Independent Directors and the Management Measures for External Guarantees in accordance with the actual situation of the Company, as well as the Regulatory Guidelines No.2 for Listed Companies –Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies, the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, the Self-Regulatory Guidelines No. 2 for Listed Companies - Standard Operation and other applicable laws and regulations.

(VII) About stakeholders

The Company fully respects and safeguards the legitimate rights and interests of stakeholders, and seeks the coordination and balance of interests of shareholders, employees, society and other parties, so that they could work together to promote the Company's sustainable and healthy development.

(VIII) Establishment and operation of the internal control system relating to financial reports of the Company

The Board of Directors has established a sound internal control system according to the Basic Standard for Enterprise Internal Control. During the reporting period, the Management Regulations on Internal Audit and the Management Regulations on Anti-fraud Whistleblowing were revised and improved to meet the Company's management needs. Internal control is in place for the purpose of controlling and preventing operational and management risks, protecting investors' legitimate rights and interests of investors, and promoting the Company's healthy and stable development. No major defects in internal control were found during the reporting period.

There are significant differences between the actual state of corporate governance and laws, administrative regulations and CSRC rules regarding the governance of listed companies.

Yes No

There are no significant differences between the actual state of corporate governance and laws, administrative regulations and CSRC rules regarding the governance of listed companies.

II. Independence of the Company from its controlling shareholders and actually controllers in terms of assets, personnel, finance, institution, business and other aspects

(I) Business independency

The Company has set up an independent and complete R&D, supply, production and marketing system and is capable of directly dealing with the market through independent operations. During the reporting period, the Company did not produce or operate relying on its controlling shareholders, actual controllers or other enterprises under its control.

(II) Assets completeness

The Company has independent and complete support facilities and fixed assets for procurement, production and marketing. The Company has the total right to control and allocate the assets on its own, without any damage to the benefits of the Company arising from controlling shareholders' occupation of assets and capital.

(III) Personnel independency

The Company has its own HR Department. The Company's management of human resources and compensation is completely independent and separated from its shareholders. Directors, supervisors and senior executives of the Company are elected in strict accordance with the Company Law and the Articles of Association. None of such personnel worked part time in violation of relevant laws and regulations during the reporting period.

(IV) Institutional independency

The Company has independent production and operation premises and offices and is completely independent from its controlling shareholders and actual controllers. During the reporting period, the Company did not engage in any mixed operation or work together with other institutions. None of the controlling shareholders or other organizations or individuals intervened with the institutional setup and production and operation activities of the Company.

(V) Financial independency

The Company has set up an independent Financial Department to handle financial accounting and financial management of the Company. The person in charge of finance and financial staff of the Company work at and get paid from the Company. None of such personnel were found serving any other enterprises operating the same or similar businesses or having other interest conflicts with the Company.

III. Horizontal competition

Applicable Not Applicable

IV. Information about annual General Shareholders' Meeting and Extraordinary General Shareholders' Meeting held in the reporting period

1. General Shareholders' Meeting in the current reporting period

Session	Meeting type	Proportion of investor participants	Date of meeting	Date of disclosure	Resolution
General Shareholders' Meeting of 2021	Annual General Shareholders' Meeting	49.89%	May 16, 2022	May 17, 2022	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900008369&stockCode=300012&announcementId=1213368714&announcementTime=2022-05-17

1st Extraordinary General Shareholders' Meeting of 2022	Extraordinary General Shareholders' Meeting	48.69%	September 21, 2022	September 22, 2022	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900008369&stockCode=300012&announcementId=1214640887&announcementTime=2022-09-22
2nd Extraordinary General Shareholders' Meeting of 2022	Extraordinary General Shareholders' Meeting	47.42%	December 30, 2022	December 31, 2022	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900008369&stockCode=300012&announcementId=1215495267&announcementTime=2022-12-31

2. Preferred shareholders whose voting rights have been resumed request for an Extraordinary General Shareholders' Meeting

Applicable Not Applicable

V. Differential voting rights at the Company

Applicable Not Applicable

VI. Red-chip structure governance

Applicable Not Applicable

VII. Directors, supervisors and senior executives

1. Overview

Name	Position	Status of service	Gender	Age	Start date of term	End date of term	Number of shares at the beginning of the period	Increase in the number of shares in the current period	Decrease in the number of shares in the current period	Other variance in number of shares	Number of shares at the end of the period	Reason for variance
Wan Feng	Chairman of the Board	Incumbent	Male	53	August 25, 2007		120,834,320				120,834,320	
Richard Shentu	Director, President	Incumbent	Male	54	June 4, 2018		8,900,000	1,200,000	-750,000		9,350,000	Exercise of incentive stock options, block

												trade to increase holdings
Qian Feng	Director	Incumbent	Male	49	December 30, 2022							Exercise of incentive stock options, block trade to increase holdings
	Vice President	Incumbent	Male	49	August 25, 2007		2,177,128	280,000	-325,000		2,132,128	trade to increase holdings
Liu Jidi	Director	Incumbent	Female	39	December 1, 2020		0					
Cheng Haijin	Independent Director	Incumbent	Male	51	September 7, 2020		0					
Zeng Fanli	Independent Director	Incumbent	Male	58	December 2, 2019		0					
Liu Zhiquan	Independent Director	Incumbent	Male	52	September 21, 2022		0					
Chen Yan	President of Administration, Secretary of the Board of Directors	Incumbent	Male	49	August 25, 2007	January 13, 2023						Exercise of incentive stock options, block trade to increase holdings
	Director	Resigned	Male	49	July 2014	December 30, 2022	2,672,436	400,000	-380,000		2,692,436	trade to increase holdings
Zhou Lu	Vice President	Incumbent	Male	49	August 27, 2013		748,000	200,000	-100,000		848,000	Exercise of incentive stock options, block trade to increase holdings
Xu Jiang	Vice President	Incumbent	Male	48	May 28, 2010		420,000	280,000	-175,000		525,000	Exercise of incentive stock options, block trade to increase holdings
Li Fengyong	Vice President	Incumbent	Male	50	August 22, 2016		533,200	400,000	-230,000		703,200	Exercise of incentive stock options, block trade to increase holdings
Wang	Vice President	Incumbent	Female	47	August 22,		300,000	200,000	-120,000		380,000	Exercise

Hao					2016							of incentive stock options, block trade to increase holdings
Zeng Xiaohu	Vice President	Incumbent	Male	48	April 24, 2019		525,000	400,000	-230,000		695,000	Exercise of incentive stock options, block trade to increase holdings
Chen Weiming	Chairman of the Board of Supervisors	Incumbent	Male	50	August 12, 2016		0					
Zhang Yumin	Supervisor	Incumbent	Male	48	August 12, 2016		0					
Du Xuezhi	Supervisor	Incumbent	Male	41	December 30, 2022		0					
Cheng Hong	Independent Director	Resigned	Male	59	August 12, 2016	August 12, 2022	0					
Ou Jin	Supervisor	Resigned	Female	32	December 2, 2019	December 30, 2022	0					
Total	--	--	--	--	--	--	137,110,084	3,360,000	-2,310,000		138,160,084	--

Any incumbent directors, supervisors or senior executives departed from the Company during the reporting period.

Yes No

1. On August 12, 2022, Mr. Cheng Hong stopped serving as Independent Director upon the expiration of his term of office.
2. On December 30, 2022, Mr. Chen Yan stopped serving as Director upon the general election.
3. On December 30, 2022, Ms. Ou Jin stopped serving as Supervisor upon the general election.

Turnover of directors, supervisors and senior executives at the Company

Applicable Not Applicable

Name	Position	Type of change	Date	Reason
Cheng Hong	Independent Director	Departure upon expiration of term of office	August 12, 2022	Departure upon expiration of term of office
Liu Zhiquan	Independent Director	Election	September 21, 2022	By-election of Independent Directors
Chen Yan	Director	Departure upon expiration of term of office	December 30, 2022	General election
Qian Feng	Director	Election	December 30, 2022	General election
Ou Jin	Supervisor	Departure upon expiration of term of office	December 30, 2022	General election
Du Xuezhi	Supervisor	Election	December 30, 2022	General election

2. Service status

Professional background, working experience and main responsibilities of incumbent directors, supervisors and senior executives at the Company

1. Directors

(1) Mr. Wan Feng, Chinese nationality, without right of residence outside China, born in 1969, with a master's degree, is a senior management consultant, and also a UK IRCA registered lead auditor. He participated in the establishment of CTI in 2003 and became Vice President of the Company in July 2004; He became Chairman of the Company in August 2007 and was re-appointed in August 2010, August 2013, August 2016, December 2019 and January 2023.

(2) Mr. Richard Shentu, Chinese nationality, without right of residence outside China, born in 1968, has a doctoral degree. He was Global Executive Vice President of SGS Group, responsible for global consumer goods testing services; he also worked as President of SGS China, and Vice President of SGS global consumer goods testing and industrial services. He served in a number of board of directors, including Director of SGS and Chairman of the Board of Directors of bluesign Technologies ag., a Swiss company. He joined the Company in June 2018 and now serves as the Company's Director and President.

(3) Mr. Qian Feng, Chinese nationality, without right of residence outside China, born in 1973, has a master's degree. He used to work at Shenzhen Maritime Safety Administration as an employee, Deputy Director, Director and Deputy Director General. He joined the Company in 2006, and started serving as Vice President in 2007, Director in December 30, 2022, and President of Administration in January 13, 2023.

(4) Ms. Liu Jidi is a Chinese national with no right of abode abroad, born in 1983, with a double master's degree in economics and environmental studies of Duke University, USA. From 2008 to 2018, she worked as Analyst, Manager and Vice President in the Investment Banking Department of Citibank. In 2015-2018, she managed over 30 Chinese financial institutions and their global subsidiaries in Hong Kong and Shanghai, responsible for client relationship maintenance and development, credit risk management and new business and product development. She is also co-founder of Embrace K.I.D. Ms. Liu has extensive experience in corporate finance and strategic M&A at home and abroad. Since December 1, 2020, she has been Independent Director of the Company.

(5) Mr. Cheng Haijin, Chinese nationality, born in 1971, holds a master's degree in business administration from Cornell University. He was Director of Business Development and M&A at GE and Honeywell, respectively, and also worked for BNP Paribas Investment Banking, Bank of China (Hong Kong), Pharmacia, and Zhengda Avion Group. Mr. Cheng now serves as President of Shanghai Huanpu Consulting Management Firm. He has extensive experience in domestic and international equity M&A, strategic investment, mixed-ownership reform, distressed assets acquisition and restructuring, post-investment management, transnational operations, internal audit and risk control in varied countries and industries. He became Independent Director of the Company on September 7, 2020.

(6) Mr. Zeng Fanli, Chinese nationality, born in 1964, has a bachelor's degree in agronomy and a master's degree in world economics. From 1986 to 1999, he was employed by Shenzhen Commodity Inspection and Testing Bureau as an employee, Deputy Division Chief of Wenjindu Port, Deputy Director General, Director General and CPC Committee Secretary of Wenjindu Port, and Director and Secretary of Certification Department; from 1999 to 2001, he served as Director and CPC Committee Secretary of Food Inspection Department of Shenzhen Inspection and Quarantine Bureau; from 2001 to 2004, he served as Office Director and Secretary of Shenzhen Inspection and Quarantine Bureau; from 2004 to 2010, he served as Director and Secretary of Leading Party Group (Deputy Director-general) of Shekou Inspection Bureau; from 2010 to 2013, he served as Director (Deputy Director-general) and Secretary of Leading Party Group of Huanggang Inspection Bureau; from 2013 to 2015, he served as Deputy Director (Deputy Director-general) and Secretary of Leading Party Group of Shenzhen Inspection and Quarantine Bureau; from August 2015 to 2019, he served as Vice President, CPC Committee Secretary and President of Food Cold Chain Platform at Eternal Asia Supply Chain Co., Ltd.; meanwhile he also served as Vice President of Shenzhen Customs Brokers Association, Vice President of Shenzhen Financial Chamber of Commerce, and Founding President of Shenzhen Food Ingredients Industry Association, among other roles; since March 2019, he has served as President of Nanhai Shenghui New Energy (Guangdong) Co.,

Ltd. and Shenzhen Yuehai Shenghui International Trade Co., Ltd. He became Independent Director of the Company on December 2, 2019.

(7) Mr. Liu Zhiquan is a Chinese national with no right of abode abroad, born in 1970, holds a doctoral degree in engineering. After graduating with a Ph.D. in 2000, he continued his study overseas and at the end of 2006, he returned to China and began working as an overseas scholar. From December 2006 to March 2019, he served as a researcher and innovation project team leader at the Institute of Metal Research, Chinese Academy of Sciences, as well as a doctoral supervisor at the University of Chinese Academy of Sciences and the University of Science and Technology of China; since March 2019, he has been a researcher and research group leader at the Shenzhen Institute of Advanced Technology, Chinese Academy of Sciences, and also a doctoral supervisor at the University of Chinese Academy of Sciences. He has long been engaged in the microstructure characterization and in-situ preparation of performance-related material structures and functions, with a focus on the microstructure performance and service reliability of metal electronic packaging materials and structures. He became Independent Director of the Company on September 21, 2022.

2. Supervisors

(1) Mr. Chen Weiming, Chinese nationality, without right of residence outside China, born in 1972, has a master's degree in business administration. He served as Deputy General Manager of Retail Banking Department of China Bohai Bank Shenzhen Branch, and is now Director of Shenzhen Aoweifu Technology Co., Ltd.

(2) Mr. Du Xuezhi, Chinese nationality, without right of residence outside China, born in 1981, has a bachelor's degree. He used to work in the Internal Audit Department and Supervision Department of Nine Dragons Paper (Holdings) Limited and JDB (China) Drinks Co., Ltd., responsible for internal audit and supervision. Mr. Du joined the Company in May 2017 and currently serves as Senior Internal Auditor.

(3) Mr. Zhang Yumin, Chinese nationality, without right of residence outside China, born in 1974, holds a college degree. He graduated from Jinan University with a major in accounting, before joining CTI in 2006, and has been Supervisor of the Company since July 2016.

3. Senior executives

(1) Mr. Richard Shentu now serves as President of the Company. See the "Directors" part in this section for his resume.

(2) Mr. Chen Yan, Chinese nationality, without right of residence outside China, born in 1973, has a master's degree. He worked at China Guangfa Bank as Head of the Credit Department of Shenzhen Branch and Integrated Manager of CMS migration team, CMS Project Promotion Department and Credit Department of Shenzhen Branch. He joined CTI in 2006 and served as Chief Executive and Secretary of the Board of Directors from 2006 to January 2023, as well as Director from August 2014 to December 30, 2022. Since January 2023, he has been Chairman of CTI Medical.

(3) Mr. Qian Feng, Chinese nationality, without right of residence outside China, born in 1973, has a master's degree. He used to work at Shenzhen Maritime Safety Administration as an employee, Deputy Director, Director and Deputy Director General. He joined the Company in 2006, serving as Vice President in 2007-2022. He started working as Director of the Company in December 30, 2022, and President of Administration in January 2023.

(4) Mr. Xu Jiang, Chinese nationality, without right of abode abroad, was born in 1974 and has a master's degree. From 1998 to 2001, he worked at Huawei Technologies Co., Ltd.; in 2001-2010, he worked for Emerson Network Power Co., Ltd.; he joined Centre Testing International (Shenzhen) Co., Ltd. on May 28, 2010 as Vice President.

(5) Mr. Zhou Lu, Chinese nationality, without right of residence outside China, born in 1973, has a master's degree. He worked for DNV GL and served as Manager of Energy Efficiency Product Development and CTI Operations in Greater China, Director of Energy Efficiency and Climate Change Services in Greater China, and Manager of Beijing Office. He joined Centre Testing International (Shenzhen) Co., Ltd. in November 2010 as Director of Certification Development Department. He became Vice President in August 2013 and remains in his post till now.

(6) Mr. Li Fengyong, Chinese nationality, without right of residence outside China, born in 1972, has a master's degree. He served as Business Manager of Binzhou Huimin County Foreign Trade Corporation, and Marketing Manager of Qingdao Ainuo

Intelligent Instrument Co., Ltd.; he joined the Company in 2008, working as General Manager of Food and Drug Business Division and General Manager of Centre Testing International (Qingdao) Co., Ltd. He is now Vice President of the Company.

(7) Ms. Wang Hao, Chinese nationality, without right of residence outside China, born in 1975, has a master's degree. She is a U.S. Certified Public Accountant and also a senior financial executive with years of working experience in China and the US. From 2006 to 2015, she worked for Freeborders Software Development Co., Ltd. as Finance Manager, Finance Director and Vice President of Finance in the Asia Pacific region. She was also employed by Huarun Paints Co., Ltd. and an American accounting firm. She joined CTI in April 2016 and is now Vice President of the Company.

(8) Mr. Zeng Xiaohu, Chinese nationality, without right of residence outside China, born in 1974, has a master's degree. He served as General Manager of SGS China Industrial, Transportation and Fire Technology Business Group, Head of SGS Northeast Asia Transportation Services, General Manager of SGS China Consumer Goods Testing Business Group and Vice President of SGS Global Light Industrial Products Business. He joined the Company in January 2019 and is now Vice President of the Company.

Posts held in shareholder organizations

Applicable Not Applicable

Posts held in other organizations

Applicable Not Applicable

Name	Organization	Position	Start date of term	End date of term	Whether the person enjoys compensation or allowances from the organization
Wan Feng	Shenzhen HK Poltechnic Investment Co., Ltd.	Executive Director			
Wan Feng	Beijing Tianrui Junfeng Investment Management Co., Ltd.	Supervisor			
Wan Feng	Shenzhen Qianhai Gangli No. 1 Investment Partnership (Limited Partnership)	Executive Partner			
Zeng Fanli	Nanhai Shenghui New Energy (Guangdong) Co., Ltd.	Legal Representative and General Manager			
Zeng Fanli	Shenzhen Yuehai Shenghui International Trading Co., Ltd.	Legal Representative, General Manager and Executive Director			
Zeng Fanli	Shenzhen Dafusheng Trading Co., Ltd.	Legal Representative, General Manager and Executive Director			
Zeng Fanli	Baijiahui (Shenzhen) International Trading Co., Ltd.	Chairman of the Board			
Liu Jidi	Yiduo Education Technology (Shanghai) Co., Ltd.	Legal Representative and Executive Director			
Liu Jidi	Shanghai Yishi	Supervisor			

	Training School Co., Ltd.				
Liu Jidi	Shanghai Yingyi Education Technology Co., Ltd.	Legal Representative and Executive Director			
Liu Jidi	Shanghai Qishi Education and Training Co., Ltd.	Legal Representative and Chairman of the Board			
Cheng Haijin	Shanghai Huanpu Consulting Management Firm	Legal Representative			
Xu Jiang	Zhongren Shidai Education Technology (Beijing) Co., Ltd.	Supervisor			
Notes on posts held in other organizations	N/A.				

Penalties imposed by securities regulators in the past three years on incumbent directors, supervisors and senior executives and those who left their posts in the reporting period

Applicable Not Applicable

3. Remuneration of directors, supervisors and senior executives

Decision-making procedure, determination basis and payment of remuneration of directors, supervisors and senior executives

1. Decision-making procedure

The remuneration of directors and supervisors of the Company shall be determined by the General Shareholders' Meeting. The remuneration of senior executives shall be decided by the Board of Directors. The remuneration of directors, supervisors and senior executives of the Company shall be paid by the Company. The allowances for independent directors shall be paid according to the resolution of the General Shareholders' Meeting. Independent directors' expenditures on meeting and training are subject to cost-based reimbursement.

2. Determination basis

Remuneration is determined based on profitability of the Company as well as the labor division and duty fulfillment of directors, supervisors and senior executives.

3. Payment

By the end of the reporting period, there were 18 directors, supervisors and senior executives at the Company. In 2022, the Company paid the remuneration of directors, supervisors and senior executives in a total amount of RMB 18,551,500.

Remuneration of directors, supervisors and senior executives at the Company during the reporting period

Unit: RMB 10,000

Name	Position	Gender	Age	Status of service	Total amount of pre-tax compensation received from the Company	Whether the person receives compensation from the Company's affiliates
Wan Feng	Chairman of the Board	Male	53	Incumbent	211.02	No
Richard Shentu	Director, President	Male	54	Incumbent	488.33	No
Qian Feng	Director, Vice	Male	49	Incumbent	204.39	No

	President					
Liu Jidi	Director	Female	39	Incumbent	12.00	No
Cheng Haijin	Independent Director	Male	51	Incumbent	13.00	No
Zeng Fanli	Independent Director	Male	58	Incumbent	13.00	No
Liu Zhiquan	Independent Director	Male	52	Incumbent	2.18	No
Chen Yan	Chief Executive, Secretary of the Board of Directors	Male	49	Incumbent	220.36	No
Zhou Lu	Vice President	Male	49	Incumbent	114.43	No
Xu Jiang	Vice President	Male	48	Incumbent	123.70	No
Li Fengyong	Vice President	Male	50	Incumbent	134.37	No
Wang Hao	Vice President, Finance Chief	Female	47	Incumbent	114.43	No
Zeng Xiaohu	Vice President	Male	48	Incumbent	112.68	No
Chen Weiming	Chairman of the Board of Supervisors	Male	50	Incumbent	0	No
Zhang Yumin	Supervisor	Male	48	Incumbent	15.93	No
Du Xuezhi	Supervisor	Male	41	Incumbent	34.47	No
Cheng Hong	Independent Director	Male	59	Resigned	9.79	No
Ou Jin	Supervisor	Female	32	Resigned	31.07	No
Total	--	--	--	--	1,855.15	--

VIII. Performance of duties by directors in the reporting period

1. Meetings of the Board of Directors in the current reporting period

Session	Date of meeting	Date of disclosure	Resolution
22nd Meeting of the 5th Board of Directors	March 1, 2022	March 2, 2022	Cninfo.com.cn: Announcement of Resolution of the 22nd Meeting of the 5th Board of Directors (Announcement No. 2022-009)
23rd Meeting of the 5th Board of Directors	March 14, 2022	March 15, 2022	Cninfo.com.cn: Announcement of Resolution of the 23rd Meeting of the 5th Board of Directors (Announcement No. 2022-012)
24th Meeting of the 5th Board of Directors	April 21, 2022	April 25, 2022	Cninfo.com.cn: Announcement of Resolution of the Board of Directors (Announcement No. 2022-021)
25th Meeting of the 5th Board of Directors	May 20, 2022	May 21, 2022	Cninfo.com.cn: Announcement of Resolution of the 25th Meeting of the 5th Board of Directors (Announcement No. 2022-035)
26th Meeting of the 5th Board of Directors	July 22, 2022	July 26, 2022	Cninfo.com.cn: Announcement of Resolution of the 26th Meeting of the 5th Board of

			Directors (Announcement No. 2022-046)
27th Meeting of the 5th Board of Directors	August 23, 2022	August 25, 2022	Cninfo.com.cn: Announcement of Resolution of the Board of Directors (Announcement No. 2022-054)
28th Meeting of the 5th Board of Directors	September 5, 2022	September 6, 2022	Cninfo.com.cn: Announcement of Resolution of the 28th Meeting of the 5th Board of Directors (Announcement No. 2022-063)
29th Meeting of the 5th Board of Directors	October 25, 2022		Review of the report for 2022 Q3, which does not need to be disclosed according to regulations
30th Meeting of the 5th Board of Directors	November 8, 2022	November 9, 2022	Cninfo.com.cn: Announcement of Resolution of the 30th Meeting of the 5th Board of Directors (Announcement No. 2022-073)
31st Meeting of the 5th Board of Directors	December 14, 2022	December 15, 2022	Cninfo.com.cn: Announcement of Resolution of the 31st Meeting of the 5th Board of Directors (Announcement No. 2022-078)

2. Directors' attendance in meetings of the Board of Directors and General Shareholders' Meetings

Directors' attendance in meetings of the Board of Directors and General Shareholders' Meetings							
Name	Number of meetings of the Board of Directors to be attended in the current reporting period	Number of meetings of the Board of Directors attended in person	Number of meetings of the Board of Directors attended by means of communication	Number of meetings of the Board of Directors attended by proxies	Number of meetings of the Board of Directors absent	Whether the person fails to attend the meetings of the Board of Directors in person for two times in succession	Number of General Shareholders' Meeting attended
Wan Feng	10	1	9	0	0	No	3
Richard Shentu	10	1	9	0	0	No	3
Chen Yan	10	1	9	0	0	No	3
Liu Jidi	10	1	9	0	0	No	3
Cheng Haijin	10	1	9	0	0	No	3
Zeng Fanli	10	1	9	0	0	No	3
Liu Zhiquan	3	0	3	0	0	No	1
Cheng Hong	5	1	4	0	0	No	2

Notes on failure to attend the meetings of the Board of Directors in person for two times in succession

N/A.

3. Objections raised by directors to matters relating to the Company

Objections are raised by directors to matters relating to the Company.

Yes No

No objections were raised by directors to matters relating to the Company in the reporting period.

4. Other notes on duty performance by directors

Directors' suggestions in respect of the Company have been accepted.

Yes No

Notes on acceptance or rejection of suggestions proposed by directors to the Company

All directors of the Company abided by the Company Law, the Securities Law, the Guiding Opinions of China Securities Regulatory Commission on Establishing the Independent Director System in Listed Companies, the Self-Regulatory Guidelines No. 2 for Companies Listed on the ChiNext Market - Standard Operation and other applicable laws, regulations and requirements. They fulfilled their duties in an honest, diligent and independent way in 2022 by attending meetings convened by the Company and deliberating motions of the Board of Directors. Independent directors provided independent opinions on major issues of the Company, giving full play to the role of independent directors and Special Committees. On the one hand, directors rigorously reviewed matters submitted by the Company to the Board of Directors for deliberation, maintained the legal rights of the Company and its shareholders and promoted the Company's operations under regulation; on the other hand, they leveraged their own advantages and closely monitored and studied the development of the Company, and provided opinions and suggestions for auditing, internal control and strategic planning of the Company. During the reporting period, directors' suggestions regarding the Company were all accepted.

IX. Special Committees under the Board of Directors in the reporting period

Committee	Members	Number of meetings convened	Date of meeting	Agenda	Significant opinions and suggestions submitted	Other duties performed	Objection details (if any)
Strategy and M&A Committee of the Board of Directors	Cheng Hong, Wan Feng, Richard Shentu, Cheng Haijin, Liu Jidi and Zeng Fanli	9	January 11, 2022	Review of the Proposal on Adding Capital to Jilin Anxin Food Technology Service Co., Ltd.	All members were in unanimous agreement to increase the registered capital of the holding subsidiary, Jilin Anxin, from RMB 2 million to RMB 12 million, which includes the Company's subscription of RMB 7 million and CTI Food Safety's subscription of RMB 3 million. This infusion of capital is expected to help alleviate Jilin Anxin's financial pressure, aid its rapid development, and boost its competitiveness, which is in line with the Company's development strategy.	N/A.	N/A.
Strategy and M&A Committee of the Board of Directors	Cheng Hong, Wan Feng, Richard Shentu, Cheng Haijin, Liu Jidi and Zeng Fanli	9	March 7, 2022	Review of the Proposal on the 2022 Annual Operating Budget, the Proposal on Paying Registered Capital to Shenzhen CTI Laboratory Technology Service Co., Ltd., and the Proposal on Investing in the Establishment of a Cell Testing Joint Venture	1. All members were in unanimous agreement to the 2022 annual operating budget, as it was believed to align with the Company's operations, help improve the efficiency and quality of investment decision-making, and promote the Company's continued sound development. 2. All members were in unanimous agreement that the Company pays RMB 7 million to Shenzhen CTI Laboratory Technical Service Co., Ltd. as the latter's registered capital. 3. All members were in unanimous agreement to set up a joint venture for cell testing in order to strengthen the Company's core	N/A.	N/A.

					competitiveness in the clinical service field.		
Strategy and M&A Committee of the Board of Directors	Cheng Hong, Wan Feng, Richard Shentu, Cheng Haijin, Liu Jidi and Zeng Fanli	9	March 31, 2022	Review of the Proposal on Shareholders' Patent-priced Capital Injection into Chengdu Xijiao CTI Rail Transit Technology Co., Ltd.	All members consented unanimously that shareholders of Chengdu Xijiao CTI Rail Transit Technology Co., Ltd. (hereafter referred to as "Xijiao CTI") contribute one of their patents to Xijiao CTI in exchange for a valuation of RMB 1.4 million. The patent is named "A Drop Hammer Testing Device and Monitoring System for Rail Fastening Component Assembly." After the completion of this capital injection, Xijiao CTI will have paid-in registered capital of RMB 7 million, and the equity ratio of the two sides will remain unchanged.	N/A.	N/A.
Strategy and M&A Committee of the Board of Directors	Cheng Hong, Wan Feng, Richard Shentu, Cheng Haijin, Liu Jidi and Zeng Fanli	9	April 21, 2022	Review of the 2021 Work Report of Strategy and M&A Committee and the Proposal on Selecting 2021 Strategic Performance Award Winners	1. In 2021, with the joint efforts of all members, the Company's Strategy and M&A Committee performed its functions and powers conferred by laws and regulations and worked in an active and fruitful manner in order to meet the needs of the Company's strategic development and improve its investment decision-making procedures, the benefits and quality of major investment decisions, and the corporate governance structure. 2. The Strategy and M&A Committee deliberated and voted for winners of the 2021 Strategic Performance Award who have made important contributions to the Company's major strategic projects, in order to stimulate the enthusiasm of middle and senior managers and accomplish the Company's long-term strategic goals.	N/A.	N/A.
Strategy and M&A Committee of the Board of Directors	Cheng Hong, Wan Feng, Richard Shentu, Cheng Haijin, Liu Jidi and Zeng Fanli	9	May 16, 2022	Review of the Proposal on Adding Capital to a Wholly-owned Subsidiary	All members unanimously agreed that the Company pays RMB 10 million of its own funds to Nanfang Pinbiao CTI Testing (Shenzhen) Co., Ltd. (hereafter referred to as "Nanfang Pinbiao"), which is used to add paid-in capital to its subsidiary Centre Testing International (Tibet) Co., Ltd.	N/A.	N/A.
Strategy and M&A Committee of the Board of Directors	Cheng Hong, Wan Feng, Richard Shentu, Cheng Haijin, Liu Jidi and Zeng Fanli	9	June 17, 2022	Review of the Proposal on Cancelling Henan CTI Quantong Engineering Testing Co., Ltd. and the Proposal on Adding Capital to a Wholly-owned Subsidiary	1. All members were in unanimous agreement that the Company cancels Henan CTI Quantong Engineering Testing Co., Ltd. The cancellation is not expected to have a material impact on the Company's overall business development or harm the interests of the Company and all shareholders. 2. All members unanimously agreed that the Company injects capital into Hebei CTI Junrui Testing Technology	N/A.	N/A.

					(hereinafter referred to as "CTI Junrui"), increasing the registered capital of CTI Junrui from RMB 3 million to RMB 10 million (subscription).		
Strategy and M&A Committee of the Board of Directors	Cheng Hong, Wan Feng, Richard Shentu, Cheng Haijin, Liu Jidi and Zeng Fanli	9	June 27, 2022	Review of the Proposal on Investing in the Establishment of a Joint Stock Company and the Proposal on Paying Registered Capital to Hebei CTI Junrui Testing Technology Co., Ltd.	1. CTI's wholly-owned subsidiary CTI Biotechnology (Suzhou) Co., Ltd. (hereinafter referred to as "Suzhou Biotechnology") plans to invest in the establishment of a joint venture company together with its partners. This investment in the joint construction of a breeding base and supporting laboratories is expected to help ensure an access to sufficient experimental monkeys, reduce costs, and boost innovation and development in the field of biomedicine. All members agreed to the investment. 2. All members were in unanimous agreement to pay RMB 2 million to Hebei CTI Junrui Testing Technology Co., Ltd. as the latter's registered capital.	N/A.	N/A.
Strategy and M&A Committee of the Board of Directors	Cheng Hong, Wan Feng, Richard Shentu, Cheng Haijin, Liu Jidi and Zeng Fanli	9	July 18, 2022	Review of the Proposal on Paying Registered Capital to Kunming CTI Medical Laboratory Co., Ltd.	Upon deliberation, all members unanimously agreed to pay RMB 1.85 million to Kunming CTI Medical Laboratory Co., Ltd. as the latter's registered capital. The paid-in capital is expected to help it maintain normal operation, mitigate financial pressure, establish presence in the regional medical testing market in Kunming, and gradually realize 100% coverage of local medical testing capabilities.	N/A.	N/A.
Strategy and M&A Committee of the Board of Directors	Cheng Hong, Wan Feng, Richard Shentu, Cheng Haijin, Liu Jidi and Zeng Fanli	9	July 26, 2022	Review of the Proposal on Internal Transfer of Subsidiary Equity and Capital Increase in Subsidiary	All members unanimously consented to inject capital into the wholly-owned subsidiary Beifang Pinbiao CTI (Beijing) Co., Ltd. with the 100% equity of the wholly-owned subsidiary Centre Testing International (Beijing) Co., Ltd. priced at RMB 50 million, the 100% equity of the wholly-owned subsidiary Centre Testing International Group (Shandong) Co., Ltd. priced at RMB 50 million, and the 100% equity of the wholly-owned subsidiary Wuhan CTI Testing Technology Co., Ltd. priced at RMB 20 million. This internal transfer of subsidiary equity and capital increase in subsidiary is deemed an adjustment of the equity structure of subsidiaries on a consolidated basis, which is expected to help optimize resource allocation and business operation.	N/A.	N/A.
Strategy and M&A Committee	Wan Feng, Richard Shentu,	5	September 13, 2022	Review of the Proposal	All members unanimously agreed to establish a wholly-	N/A.	N/A.

of the Board of Directors	Cheng Haijin, Liu Jidi, and Zeng Fanli			Establishing a Wholly-owned Subsidiary	owned subsidiary in Chengdu with a registered capital of RMB 100 million (a paid-in registered capital of RMB 10 million). The establishment of a wholly-owned subsidiary is expected to help improve the Company's network in Southwest China and promote its long-term, stable development.		
Strategy and M&A Committee of the Board of Directors	Wan Feng, Richard Shentu, Cheng Haijin, Liu Jidi, and Zeng Fanli	5	September 19, 2022	Review of the Proposal on Acquiring Partial Equity of Minority Shareholders of Sichuan CTI Jianxin Testing Technology Co., Ltd. and the Proposal on Adjusting the Capital Injection Plan for Jilin Anxin Food Technology Service Co., Ltd.	1. With 4 votes in favor and 1 abstention, the Committee approved the Company's acquisition of 12% equity of Sichuan CTI Jianxin Testing Technology Co., Ltd. Upon acquisition, the Company will hold 80% stake in Sichuan CTI Jianxin. 2. The proposal on adjusting the capital injection plan for Jilin Anxin Food Technology Service Co., Ltd. was not approved.	N/A.	N/A.
Strategy and M&A Committee of the Board of Directors	Wan Feng, Richard Shentu, Cheng Haijin, Liu Jidi, and Zeng Fanli	5	October 18, 2022	Review of the Proposal on Investing in the Establishment of a Joint Venture and the Proposal on Adding Capital to a Subsidiary and Acquiring Partial Equity of Shaanxi Huabang Testing Service Co., Ltd.	1. It was agreed to establish a joint venture, CTI Data Certification and Testing Co., Ltd., to provide data center testing and certification services. The registered capital of the joint venture is RMB 10 million, to which CTI International Certification contributes RMB 5.1 million, with a shareholding ratio of 51%, Zeng Zhaolong contributes RMB 3.4 million, with a shareholding ratio of 34%, and the employee stock ownership platform contributes RMB 1.5 million, with a shareholding ratio of 15%. 2. The Company plans to add a capital of RMB 26.25 million to its wholly-owned subsidiary Beifang Pinbiao CTI Testing (Beijing) Co., Ltd. (hereinafter referred to as CTI Testing Beijing), and acquires 70% equity of Shaanxi Huabang Testing Service Co., Ltd. (hereinafter referred to as "Huabang Testing"). The acquisition is expected to expand CTI's share in Shaanxi's environmental testing market and fill the business blank in the region, which meets the Company's strategic requirements. The acquisition was reviewed and approved by more than half of the members.	N/A.	N/A.
Strategy and M&A Committee of the Board of Directors	Wan Feng, Richard Shentu, Cheng Haijin, Liu Jidi, and Zeng Fanli	5	December 19, 2022	Review of the Proposal on Acquiring 100% Equity of LGC Science (Nanjing) Co., Ltd.	All members unanimously agreed that the Company acquires 100% equity of LGC Science (Nanjing) Co., Ltd. for RMB 9.3 million in cash. Upon merger, CTI is expected to obtain superior reference material production lines and	N/A.	N/A.

					experienced technicians, which may help remove the major restrictions on the development of the Company's reference material center and support it to join in the track of reference materials.		
Strategy and M&A Committee of the Board of Directors	Wan Feng, Richard Shentu, Cheng Haijin, Liu Jidi, and Zeng Fanli	5	December 30, 2022	Review of the Proposal on Adding Capital to Wholly-Owned Subsidiaries and the Proposal on Internal Transfer of Subsidiary Equity and Capital Increase in Subsidiary	<p>1. All members unanimously agreed that the Company injects capital into Shenzhen CTI International Certification Co., Ltd., increasing its registered capital from RMB 30 million to RMB 50 million (subscription), and injects capital into Shenzhen CTI Metrology Technology Co., Ltd., increasing its registered capital from RMB 9 million to RMB 50 million (subscription). The capital infusion is mainly intended to meet market regulation administrations' requirements for registered capital at the time of name changing, weaken territorial characteristics in the bidding process and support nationwide operations, which conforms to the Company's development strategy.</p> <p>2. It was agreed that the Company increases capital to its wholly-owned subsidiary Beifang Pinbiao CTI Testing (Beijing) Co., Ltd. with 100% equity of Heilongjiang CTI Testing Technology Co., Ltd., its wholly-owned subsidiary, at a price of RMB 40 million. This internal transfer of subsidiary equity and capital increase in subsidiary is deemed an adjustment of the equity structure of subsidiaries on a consolidated basis, which is expected to help optimize resource allocation and straighten out management relationships.</p>	N/A.	N/A.
Audit Committee of the Board of Directors	Cheng Haijin, Liu Jidi, and Cheng Hong	3	March 14, 2022	Review of the Work Summary of the Internal Audit Department in Q4 2021, the Work Plan of the Internal Audit Department in Q1 2022, the Internal Audit Department's Audit Opinions on the Use of Raised Funds in Q4 2021, and the Internal Audit Department's Inspection Report on the Company's Material Issues in H2 2021	These proposals were unanimously approved by the Audit Committee.		
			April 21, 2022	Review of the 2021 Work Report of Audit Committee, the 2021 Annual Report –Full Text and	The Audit Committee unanimously passed the aforesaid proposals and agreed with the problems found by the Internal Audit Department	N/A.	N/A.

				Abstract, the 2022 Q1 Report –Full Text, the 2021 Self-Evaluation Report for Internal Control, the Proposal on Continuing Contract with the Company's Audit Institution for 2022, the Investigation Report on Rectification in Shenzhen CTI Laboratory Technology Service Co., Ltd., the Investigation Report on External Investment and Concurrent Job Positions of Middle and Senior Managers, the Work Summary of the Internal Audit Department in Q1 2022, and the Work Plan of the Internal Audit Department in Q2 2022	in subsidiary audits, as well as the results of its investigation on the external investment and concurrent job positions of middle and senior managers and corresponding rectification suggestions. Up to now, all rectifications have been completed.		
Audit Committee of the Board of Directors			August 18, 2022	Review of the Investigation Report on Employees' False Reimbursement to Obtain Profits from the Company, the Internal Audit Report on CTI Yuanjian & Huajian Technology, the Internal Audit Report on Shenzhen CTI Commodity Testing and Survey Co., Ltd., the Internal Audit Department's Audit Opinions on the Use of Raised Funds in Q1 2022, the Internal Audit Department's Audit Opinions on the Use of Raised Funds in Q2 2022, the Work Summary of the Internal Audit Department in Q2 2022, the Work Plan of the Internal Audit Department in Q3 2022, and the Internal Audit Department's Inspection Report on the Company's Material Issues in H1 2022	The Audit Committee unanimously passed the aforesaid proposals and agreed with the problems found by the Internal Audit Department in subsidiary audits, as well as remediation suggestions from the Department. Up to now, the subsidiaries concerned have completed rectification accordingly.	N/A.	N/A.
Audit Committee of the Board of Directors	Cheng Haijin, Liu Jidi, and Liu Zhiqian		1 December 27, 2022	Review of the Internal Audit Report on Hebei CTI Junrui Testing Technology Co., Ltd., the Internal Audit Department's Audit Opinions on the Use of Raised Funds in Q3 2022, the Work Summary of	The Audit Committee unanimously passed the aforesaid proposals and agreed with the problems found by the Internal Audit Department in subsidiary audits, as well as remediation suggestions from the Department.	N/A.	N/A.

				the Internal Audit Department in Q3 2022, and the Work Plan of the Internal Audit Department in Q4 2022			
Remuneration Examination and Nomination Committee of the Board of Directors	Zeng Fanli, Wan Feng, and Cheng Hong	2	April 21, 2022	Review of the 2021 Work Report of Remuneration Examination and Nomination Committee, the Proposal on the Base Profit under the 2021 Senior Executive Bonus Assessment, the Proposal on the Results of the 2021 Senior Executive Bonus Distribution, the Internal Audit Report on Senior Executive Benefits in 2021, and the Proposal on the 2022 Basic Remuneration Plan for Senior Executives	The base profit under 2021 senior executive assessment, the results of 2021 senior executive bonus distribution, the audit results of 2021 senior executive benefits, and the 2021 basic remuneration plan for senior executives in accordance with the Assessment Regulations on Senior Executive Incentive Bonus were agreed. Senior executives' compensation in 2021 has been disclosed in the 2022 annual report.	N/A.	N/A.
Remuneration Examination and Nomination Committee of the Board of Directors	Zeng Fanli, Wan Feng, and Cheng Hong	2	May 19, 2022	Review of the Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan, the Proposal on the Evaluation Results of the Third Vesting Schedule of the Stock Option Incentive Plan of 2019, and the Proposal on the Fulfillment of Exercise Conditions of the Third Vesting Schedule of the Stock Option Incentive Plan for 2019	1. It was agreed to adjust the exercise price due to equity distribution. 2. The exercise conditions for the third vesting schedule of the stock option incentive plan for 2019 have been fulfilled, which was agreed to be submitted to the Board of Directors for deliberation. 2. All members reviewed the personal assessment and evaluation of all personnel entitled in the third period of the stock option incentive plan for 2019, and all the review results were good or above.	N/A.	N/A.
Remuneration Examination and Nomination Committee of the Board of Directors	Zeng Fanli, and Wan Feng	3	September 5, 2022	Review of the Proposal on the Election of Independent Director	It was agreed to nominate Liu Zhiquan as an independent director and submit the proposal to the Board of Directors for deliberation.	N/A.	N/A.
Remuneration Examination and Nomination Committee of the Board of Directors	Zeng Fanli, and Wan Feng	3	December 13, 2022	Review of the Proposal on the General Election of the Board of Directors and the Nomination of Non-Independent Director Candidates for the Sixth Board of Directors, the Proposal on the General Election of the Board of Directors and the Nomination of Independent Director Candidates for the Board of Directors, and the Proposal on the Allowance Standard for Directors of the Sixth Board of Directors	It was agreed to nominate candidates for non-independent directors and independent directors of the sixth Board of directors and submit the proposal to the Board of Directors for deliberation; and the proposal on the allowance standard for directors of the sixth Board of Directors was approved and submitted to the Board of Directors for deliberation.	N/A.	N/A.
Remuneration Examination and	Zeng Fanli, and	3	December	Review of the Internal Audit Report on	The audit results from the Internal Audit Department	N/A.	N/A.

Nomination Committee of the Board of Directors	Wan Feng		27, 2022	Senior Executive Compensation in 2021	concerning senior executives' compensation and corresponding suggestions were agreed.		
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X. Work of the Board of Supervisors

The Board of Supervisors has found through its supervision activities during the reporting period that the Company is at risk.

Yes No

The Board of Supervisors has no objection to the matters supervised during the reporting period.

XI. Employees of the Company

1. Number, specialty and educational background of employees

Number of employees on active duty in the parent company	1,918
Number of employees on active duty in major subsidiaries	10,265
Total number of employees on active duty at the end of the reporting period	12,183
Total number of paid employees in the current period	12,183
Number of retired employees for which the parent company and major subsidiaries bear the cost	55
Composition by specialty	
Category	Number of employees
Production	3,550
Sales	2,815
Technology	5,108
Finance	188
Administration	522
Total	12,183
Education background	
Category	Number of employees
Doctoral degree and above	25
Master's degree	986
Bachelor's degree	5,985
Junior college's degree	4,438
Below junior college's degree	749
Total	12,183

2. Remuneration policy

The Company adopts a remuneration policy that is based on the matching between payment and post value and is also differentiated by technical capabilities, with payment rates determined depending on employees' job levels and comprehensive evaluations. Besides, the Company determines the overall income of its employees from three aspects: employees' job levels, performance of employees' departments and performance of employees. Internally, the Company adjusts employees' positions on an annual basis; externally, it also recruits new employees. To align the overall remuneration level at the Company with that in the

talent market, the HR Department of the Company irregularly collects data on industrial and regional remuneration as a basis for remuneration adjustment.

3. Training plan

Departments of the Company, based on demand investigations, training results in previous years and actual demands of their own, prepare their annual training plans and submit the plans to the HR Department for record. Specialized and competency-related training involving different departments and subsidiaries is designed and delivered by the HR Department in a uniform manner. The HR Department of the Company drafts annual training plans for salesmen, managers and personnel engaged in special operations on an annual basis depending on actual demands and organize the training with the approval from the Company.

4. Labor outsourcing

Applicable Not Applicable

Total working hours outsourced	484,198
Total remuneration paid for labor outsourcing (RMB)	14,587,655.00

XII. Profit distribution and conversion of capital reserve into capital stock at the Company

Preparation, implementation, or adjustment of profit distribution policies, especially the policy of cash bonus, within the reporting period

Applicable Not Applicable

In the spirits of the CSRC Notice on Reinforcing Matters Related to Cash Dividends of Listed Companies (ZJF [2012] No.37), the Regulatory Guidance No. 3 for Listed Companies –Cash Dividends Distribution of Listed Companies (CSRC Announcement [2013] No. 43) and other documents, since its listing, the Company has adhered to an active, sustained and stable profit distribution policy. It aspires to share operating outcomes with all shareholders, give back to investors, and guide investors to raise awareness of long-term investment and rational investment. Hence the Plan of Dividends and Returns to Shareholders for Next Three Years has been prepared. While guaranteeing normal operation and long-term development, the Company will continue with a stable dividend policy in the future.

Special notes on cash dividend policy	
Whether it complies with the Articles of Association or resolutions of General Shareholders' Meeting:	Yes
Whether the standard and proportion are specific and explicit:	Yes
Whether there are complete decision-making procedures and mechanisms:	Yes
Whether independent directors have performed their responsibilities:	Yes
Whether minority shareholders are given the opportunity to express their opinions and demands, and whether their lawful rights and interests are protected in full:	Yes
Whether the conditions and procedures for adjusting or changing the cash bonus policy are compliant and transparent (if any):	Yes

The Company's plans for profit distribution and conversion of capital reserve into capital stock during the reporting period are consistent with its Articles of Association and bonus management rules.

Yes No Not applicable

The Company's plans for profit distribution and conversion of capital reserve into capital stock during the reporting period are compliant with its Articles of Association and other regulations.

Profit distribution and conversion of capital reserve into capital stock for the current year

Number of bonus stocks per 10 shares	0
Number of distributed dividends per 10 shares (RMB) (tax inclusive)	0.6
Number of stocks converted per 10 shares	0
Equity base in distribution plan	1,679,828,214
Amount of cash dividends (RMB) (tax inclusive)	100,789,692.84
Amount of cash dividends paid by other means (such as share repurchase) (RMB)	35,491,855.22
Total amount of cash dividends (including other means) (RMB)	136,281,548.06
Distributable profit (RMB)	1,797,019,711.75
Total amount of cash dividends (including other means) as a percentage of the total amount of profit distribution	100.00%

About the current cash dividends

Where the Company is in a developing stage and has an arrangement for significant capital expenditure, the dividends distributed in the form of cash shall not be less than 20% of the total amount of profit distribution.

Details of plans for profit distribution and conversion of capital reserve

As audited by Da Hua Certified Public Accountants (Special General Partnership), the parent company achieved a net profit of RMB 540,620,533.12 in 2022. A statutory surplus reserve of RMB 54,062,053.31, i.e., 10% of the net profit achieved by the parent company in 2022, was set aside, plus the undistributed profit at the beginning of the year of RMB 1,411,297,724.78, less the actual cash dividends distributed in 2021 totaling RMB 100,836,492.84 (tax included). As of December 31, 2022, the parent company's profit available for distribution was RMB 1,797,019,711.75.

The Profit Distribution Plan for 2022 of the Company is to distribute RMB 0.6 (including tax) in cash dividends and 0 bonus share (including tax) to all shareholders for every 10 shares, distribute 0 bonus shares and increase 0 shares by converting capital reserves into share capital for every 10 shares held by all shareholders, based on 1,679,828,214 shares - the total capital stock of 1,682,828,214 shares less the 3,000,000 shares repurchased. Therefore, the total amount of profit distributed is RMB 100,789,692.84.

This profit distribution plan complies with the Company Law, the Securities Law, the Accounting Standards for Business Enterprises, the CSRC Notice on Reinforcing Matters Related to Cash Dividends of Listed Companies, and the Regulatory Guidance No. 3 for Listed Companies –Cash Dividends Distribution of Listed Companies, and the Company's Articles of Association, conforms to the Company's profit distribution policy, shareholder return planning and associated commitments, and fully protects the legitimate rights and interests of small and medium investors, to which the Company's Board of Directors, independent directors and Board of Supervisors have all expressed their consent, with legality, compliance and rationality.

During the reporting period, the Company profited and the parent company's profit available for distribution to shareholders was positive, but no distribution plan for cash bonus was prepared.

Applicable Not Applicable

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

Applicable Not Applicable

1. Equity incentive

(I) 2018 Stock Option Incentive Plan

1. On November 27, 2018, the Company held the 21st Meeting of the 4th Board of Directors, which deliberated and approved the Proposal on the Stock Option Incentive Plan (Draft) of Centre Testing International Group Co., Ltd. for 2018 and Its Abstract, the Proposal on the Administrative Measures for the Assessment of the Implementation of the Stock Option Incentive Plan of Centre Testing International Group Co., Ltd. for 2018 and the Proposal on General Shareholders' Meeting Authorizing Board of Directors to Manage Stock Option Incentive Plan of the Company for 2018. On the same day, the Company held the 17th Meeting of the 4th Board of Supervisors, which deliberated and approved the Proposal on Stock Option Incentive Plan (Draft) of Centre Testing International Group Co., Ltd. for 2018 and Its Abstract, the Proposal on Stock Option Incentive Plan (Draft) of Centre Testing International Group Co., Ltd. for 2018 and Its Abstract and the Proposal on Verifying List of Recipients Entitled to the Stock Option Incentive Plan of the Company for 2018. Independent directors of the Company gave their independent opinions, and lawyers and other intermediaries presented corresponding reports.
2. On December 8, 2018, the Company disclosed the Review Opinions and Publication Notes of the Board of Supervisors on the List of Recipients Entitled to the Stock Option Incentive Plan for 2018.
3. On December 13, 2018, the Company held the Second Extraordinary General Shareholders' Meeting 2018, which deliberated and approved the Proposal on the Stock Option Incentive Plan (Draft) of Centre Testing International Group Co., Ltd. for 2018 and Its Abstract, the Proposal on the Administrative Measures for the Assessment of the Implementation of the Stock Option Incentive Plan of Centre Testing International Group Co., Ltd. for 2018 and the Proposal on General Shareholders' Meeting Authorizing Board of Directors to Manage Stock Option Incentive Plan of the Company for 2018.
4. On December 17, 2018, the Company held the 22nd Meeting of the 4th Board of Directors and the 18th Meeting of the 4th Board of Supervisors, which deliberated and approved the Proposal on Awarding Stock Options to Entitled Recipients. The affiliated directors abstained from voting. Independent directors of the Company gave their independent opinions, and the Board of Supervisors verified the list of recipients to be awarded with stock options.
5. On December 26, 2018, the Company completed the registration of granting 20.65 million stock options to 38 recipients. Option name for short: CTI JLC3, option code: 036325, and the exercise price of stock options was RMB 6.13/share.
6. On December 22, 2019, at the 1st Meeting of the Remuneration Examination and Nomination Committee of the 5th Board of Directors of the Company, the Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan for 2018, the Proposal on the Evaluation Results of the First Vesting Schedule of the Stock Option Incentive Plan for 2018, and the Proposal on the Fulfillment of Exercise Conditions for the First Vesting Schedule of the Stock Option Incentive Plan for 2018 were deliberated and approved.
7. On December 25, 2019, the Company held the 2nd Meeting of the 5th Board of Directors and the 2nd Meeting of the 5th Board of Supervisors, which deliberated and approved the Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan for 2018, and the Proposal on Fulfillment of Exercise Conditions for the First Vesting Schedule of the Stock Option Incentive Plan for 2018. According to the 2018 Stock Option Incentive Plan (Draft), due to the implementation of the 2018 equity distribution plan on May 28, 2019, the Board of Directors agreed to adjust the exercise price under the Company's stock option incentive plan for 2018 from RMB 6.13/share to RMB 6.095/share. At the same time, the exercise conditions for the first vesting schedule of the Company's stock option incentive plan for 2018 had been fulfilled. There were 6.195 million stock options available for exercise, accounting for 0.37% of the Company's total share capital. Independent directors of the Company gave their independent opinions on the above matters, and Guangdong Shu Jin Law Firm provided a legal opinion.
8. On May 12, 2020, at the 3rd Meeting of the Remuneration Examination and Nomination Committee of the 5th Board of Directors of the Company, the Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan was deliberated and approved. It was agreed to adjust the exercise price under the Company's stock option incentive plan for 2018 from RMB 6.095/share to RMB 6.06/share.

9. On May 15, 2020, the Company held the 2nd Meeting of the 5th Board of Directors and the 2nd Meeting of the 5th Board of Supervisors, which deliberated and approved the Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan. Due to the equity distribution in 2019, the exercise price under the Company's stock option incentive plan for 2018 was adjusted from RMB 6.095/share to RMB 6.06/share.

10. On December 22, 2020, at the 6th Meeting of the Remuneration Examination and Nomination Committee of the 5th Board of Directors of the Company, the Proposal on the Assessment and Evaluation of the Second Vesting Schedule of the Stock Option Incentive Plan for 2018 and the Proposal on the Fulfillment of Exercise Conditions for the Second Vesting Schedule of the Stock Option Incentive Plan for 2018 were deliberated and approved.

11. On December 22, 2020, the Company held the 11th Meeting of the 5th Board of Directors and the 10th Meeting of the 5th Board of Supervisors, which deliberated and approved the Proposal of the Fulfillment of Exercise Conditions for the Second Vesting Schedule of the Stock Option Incentive Plan for 2018 and the Cancellation of Partial Stock Options. The exercise conditions for the second vesting schedule of the Company's stock option incentive plan for 2018 had been fulfilled, and there were 6.1425 million stock options available for exercise. Independent directors of the Company gave their independent opinions on the above matters, and Guangdong Shu Jin Law Firm provided a legal opinion.

12. On May 17, 2021, at the 10th Meeting of the Remuneration Examination and Nomination Committee of the 5th Board of Directors of the Company, the Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan was deliberated and approved. It was agreed to adjust the exercise price under the Company's stock option incentive plan for 2018 from RMB 6.06/share to RMB 6.025/share.

13. On May 20, 2021, the Company held the 15th Meeting of the 5th Board of Directors and the 14th Meeting of the 5th Board of Supervisors, which deliberated and approved the Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan. Due to the equity distribution in 2020, the exercise price under the Company's stock option incentive plan for 2018 was adjusted from RMB 6.06/share to RMB 6.025/share.

14. On December 10, 2021, at the 12th Meeting of the Remuneration Examination and Nomination Committee of the 5th Board of Directors of the Company, the Proposal on the Assessment and Evaluation of the Third Vesting Schedule of the Stock Option Incentive Plan for 2018 and the Proposal on the Fulfillment of Exercise Conditions for the Third Vesting Schedule of the Stock Option Incentive Plan for 2018 were deliberated and approved.

15. On December 13, 2021, the Company held the 20th Meeting of the 5th Board of Directors and the 18th Meeting of the 5th Board of Supervisors, which deliberated and approved the Proposal of the Fulfillment of Exercise Conditions for the Third Vesting Schedule of the Stock Option Incentive Plan for 2018. The exercise conditions for the third vesting schedule of the Company's stock option incentive plan for 2018 had been fulfilled, and there were 8.26 million stock options available for exercise. Independent directors of the Company gave their independent opinions on the above matters, and Guangdong Shu Jin Law Firm provided a legal opinion.

16. On May 20, 2022, the Company held the 25th Meeting of the 5th Board of Directors and the 23rd Meeting of the 5th Board of Supervisors, which deliberated and approved the Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan. Due to the equity distribution in 2021, the exercise price under the Company's stock option incentive plan for 2018 was adjusted from RMB 6.025/share to RMB 5.965/share.

17. As of December 31, 2022, 8.26 million stock options in the third vesting schedule of the stock option incentive plan for 2018 had been exercised.

(II) 2019 Stock Option Incentive Plan

1. On April 24, 2019, the Company held the 24th Meeting of the 4th Board of Directors, which deliberated and approved the Proposal on the Stock Option Incentive Plan (Draft) of Centre Testing International Group Co., Ltd. for 2019 and Its Abstract, the

Proposal on the Administrative Measures for the Assessment of the Implementation of the Stock Option Incentive Plan of Centre Testing International Group Co., Ltd. for 2019 and the Proposal on General Shareholders' Meeting Authorizing Board of Directors to Manage Stock Option Incentive Plan of the Company for 2019. The 20th Meeting of the 4th Board of Supervisors was held, which deliberated and approved the Proposal on Stock Option Incentive Plan (Draft) of Centre Testing International Group Co., Ltd. for 2019 and Its Abstract, the Proposal on Stock Option Incentive Plan (Draft) of Centre Testing International Group Co., Ltd. for 2019 and Its Abstract and the Proposal on Verifying List of Recipients Entitled to the Stock Option Incentive Plan of the Company for 2019.

2. On May 10, 2019, the Company disclosed the Review Opinions and Publication Notes of the Board of Supervisors on the List of Recipients Entitled to the Stock Option Incentive Plan for 2019.

3. On May 16, 2019, the Company held the General Shareholders' Meeting of 2018, which deliberated and approved the Proposal on the Stock Option Incentive Plan (Draft) of Centre Testing International Group Co., Ltd. for 2019 and Its Abstract, the Proposal on the Administrative Measures for the Assessment of the Implementation of the Stock Option Incentive Plan of Centre Testing International Group Co., Ltd. for 2019 and the Proposal on General Shareholders' Meeting Authorizing Board of Directors to Manage Stock Option Incentive Plan of the Company for 2019.

4. On May 20, 2019, the Company held the 27th Meeting of the 4th Board of Directors and the 23rd Meeting of the 4th Board of Supervisors, which deliberated and approved the Proposal on Awarding Stock Options to Entitled Recipients. It was decided to award a total of 4.7 million stock options to 9 recipients on May 20, 2019. Independent directors of the Company gave their independent opinions, and the Board of Supervisors verified the list of recipients to be awarded with stock options.

5. On June 3, 2019, the Company completed the awarding registration under the stock option incentive plan for 2019. Option name for short: CTI JLC4, option code: 036358.

6. On May 12, 2020, at the 3rd Meeting of the Remuneration Examination and Nomination Committee of the 5th Board of Directors of the Company, the Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan, the Proposal on the Evaluation Results of the First Vesting Schedule of the Stock Option Incentive Plan for 2019, and the Proposal on the Fulfillment of Exercise Conditions for the First Vesting Schedule of the Stock Option Incentive Plan for 2019 were deliberated and approved.

7. On May 15, 2020, the Company held the 5th Meeting of the 5th Board of Directors and the 5th Meeting of the 5th Board of Supervisors, which deliberated and approved the Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan, and the Proposal on Fulfillment of Exercise Conditions for the First Vesting Schedule of the Stock Option Incentive Plan for 2019. It was agreed to adjust the exercise price under the Company's stock option incentive plan for 2018 from RMB 6.095/share to RMB 6.06/share, and that under the Company's stock option incentive plan for 2019 from RMB 9.23/share to RMB 9.16/share. At the same time, the exercise conditions for the first vesting schedule of the Company's stock option incentive plan for 2019 had been fulfilled. There were 1.41 million stock options available for exercise. Independent directors of the Company gave their independent opinions on the above matters, and Guangdong Shu Jin Law Firm provided a legal opinion.

8. On May 17, 2021, at the 10th Meeting of the Remuneration Examination and Nomination Committee of the 5th Board of Directors of the Company, the Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan, the Proposal on the Evaluation Results of the Second Vesting Schedule of the Stock Option Incentive Plan for 2019, and the Proposal on the Fulfillment of Exercise Conditions for the Second Vesting Schedule of the Stock Option Incentive Plan for 2019 were deliberated and approved.

9. On May 20, 2021, the Company held the 15th Meeting of the 5th Board of Directors and the 14th Meeting of the 5th Board of Supervisors, which deliberated and approved the Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan and the Proposal of the Fulfillment of Exercise Conditions for the Second Vesting Schedule of the Stock Option Incentive Plan for 2019. It was agreed to adjust the exercise price under the Company's stock option incentive plan for 2019 from RMB 9.16/share to RMB 9.125/share. At the same time, the exercise conditions for the second vesting schedule of the Company's stock option

incentive plan for 2019 had been fulfilled. There were 1.41 million stock options available for exercise. Independent directors of the Company gave their independent opinions on the above matters, and Guangdong Shu Jin Law Firm provided a legal opinion.

10. On May 20, 2022, the Company held the 25th Meeting of the 5th Board of Directors and the 23rd Meeting of the 5th Board of Supervisors, which deliberated and approved the Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan, and the Proposal on Fulfillment of Exercise Conditions for the Third Vesting Schedule of the Stock Option Incentive Plan for 2019. It was agreed to adjust the exercise price under the Company's stock option incentive plan for 2019 from RMB 9.125/share to RMB 9.065/share. At the same time, the exercise conditions for the third vesting schedule of the Company's stock option incentive plan for 2019 had been fulfilled. There were 1.88 million stock options available for exercise. Independent directors of the Company gave their independent opinions on the above matters, and Guangdong Shu Jin Law Firm provided a legal opinion.

11. As of December 30, 2022, 1.8 million stock options in the third vesting schedule of the stock option incentive plan for 2019 had been exercised, and the remaining 80,000 shares had not yet been exercised.

Equity incentive granted to directors and senior executives

Applicable Not Applicable

Unit: share

Name	Position	Number of stock options held at the beginning of the year	Number of new stock options awarded during the reporting period	Number of shares available for exercise in the reporting period	Number of shares exercised in the reporting period	Exercise price of shares exercised in the reporting period (RMB/share)	Number of stock options held at the end of the year	Market price at the end of the reporting period (RMB/share)	Number of restricted shares held at the beginning of the reporting period	Number of unlocked shares in the current period	Number of new restricted shares awarded during the reporting period	Granting price of restricted shares (RMB/share)	Number of restricted shares held at the end of the reporting period
Richard Shentu	Director, President	1,200,000	0	1,200,000	1,200,000	6.025	0	22.30	0	0	0	0	0
Chen Yan	President of Administration. Secretary of the Board of Directors	400,000	0	400,000	400,000	6.025	0	22.30	0	0	0	0	0
Xu Jiang	Vice President	280,000	0	280,000	280,000	6.025	0	22.30	0	0	0	0	0
Li Fengyong	Vice President	400,000	0	400,000	400,000	6.025	0	22.30	0	0	0	0	0
Wang Hao	Vice President	200,000	0	200,000	200,000	6.025	0	22.30	0	0	0	0	0
Zhou Lu	Vice President	200,000	0	200,000	200,000	6.025	0	22.30	0	0	0	0	0
Qian Feng	Director, Vice President	280,000	0	280,000	280,000	5.965	0	22.30	0	0	0	0	0
Zeng Xiaohu	Vice President	400,000	0	400,000	400,000	9.065	0	22.30					
Total	--	3,360,000	0	3,360,000	3,360,000	--	0	--	0	0	0	--	0
Notes (if any)	<p>1. In 2018, the Company implemented the first Stock Option Incentive Plan and granted 20.65 million options to 38 recipients. The exercise price was RMB 6.13/share. Specifically, 3,000,000 options were granted to Mr. Richard Shentu, 1,000,000 options to Mr. Chen Yan, 1,000,000 options to Mr. Li Fengyong, 700,000 options to Mr. Qian Feng, 700,000 options to Mr. Xu Jiang, 500,000 options to Ms. Wang Hao and 500,000 options to Mr. Zhou Lu. Due to the equity distribution in 2018, 2019, 2020 and 2021, the exercise price was adjusted from RMB 6.13/share to RMB 6.095/share, RMB 6.06/share, RMB 6.025/share and RMB 5.965/share. The number of shares exercisable during the third vesting schedule of each director or senior executive to whom stock options has been granted is as follows: Mr. Richard Shentu - 1,200,000, Mr. Chen Yan - 400,000, Mr. Li Fengyong - 400,000, Mr. Qian Feng - 280,000, Mr. Xu Jiang - 280,000, Ms. Wang Hao - 200,000 and Mr. Zhou Lu - 200,000. The actual exercisable period of the third vesting schedule was December 29, 2021 to December 16, 2022.</p> <p>2. In 2019, the Company implemented the second Stock Option Incentive Plan and granted 4,700,000 options to 9 recipients at an exercising price of RMB 9.23/share, including 1,000,000 options granted to Mr. Zeng Xiaohu. Due to the equity distribution in 2018, 2019, 2020 and 2021, the exercise price was adjusted from RMB 9.23/share to RMB 9.065/share. The number of shares exercisable during the third vesting schedule of directors and senior executives to whom stock options have been granted is: 400,000 shares for Mr. Zeng Xiaohu, with an exercise price of RMB 9.065/share.</p>												

Evaluation mechanism and incentives for senior executives

The Company has established a sound performance appraisal system and remuneration regulations for senior executives, where their work performance has direct impact on their income. During the reporting period, the performance evaluation conditions at the Company level were met, and at the individual level, the performance appraisal results of the senior executives above were all good or above, indicating compliance with the exercise conditions in the Stock Option Incentive Plan for 2018 (Draft) and the Stock Option Incentive Plan for 2019 (Draft). The Remuneration Examination and Nomination Committee, as a specialized agency under the Board of Directors, reviewed the above appraisal.

2. Implementation of employee stock ownership plans

Applicable Not Applicable

Information on all the valid employee stock ownership plans during the reporting period

Scope of employees	Number of employees	Total number of stocks held	Changes	Percentage in total share capital of the listed company	Source of funding
First Employee Stock Ownership Plan: Directors (excluding independent directors), senior executives, and key managers/technicians of the Company and its subsidiaries	56	3,670,000	1. On June 19, 2017, the Company held the First Extraordinary General Shareholders' Meeting in 2017, which deliberated and approved the First Employee Stock Ownership Plan (Draft) of Centre Testing International Group Co., Ltd. and Its Abstract. 2. On May 17, 2019, the Company's Board of Directors deliberated and approved the Proposal on the Extension and Change of the Company's First Employee Stock Ownership Plan and other proposals, deciding to adjust the number of holders, the list of employees and share allocation under the employee stock ownership plan. 3. On June 18, 2021, the Company held the Meeting of Holders of the First Employee Stock Ownership Plan and the 16th Meeting of the 5th Board of Directors, which deliberated and approved the Proposal on the Extension of the First Employee Stock Ownership Plan, agreeing to extend the term of the Company's first employee stock ownership plan by 24 months, that is, until August 18, 2023.	0.22%	Funds raised by employees and loans with interest provided by major shareholders

			<p>4. On December 8, 2021, the Company held the Meeting of Holders of the First Employee Stock Ownership Plan, which deliberated and approved the Proposal on Adjusting the First Employee Stock Ownership Plan; on December 13, 2021, the Company held the 20th Meeting of the 5th Board of Directors and the 18th Meeting of the 5th Board of Supervisors, which deliberated and approved the Proposal on Amending the Draft Employee Stock Ownership Plan and Administrative Measures, deciding to adjust the number of holders, the list of employees and share allocation under the employee stock ownership plan.</p> <p>5. On March 14, 2022, the 1st Holders Meeting deliberated and approved the Proposal on Adjusting the Holders of the First Employee Stock Ownership Plan, agreeing to transfer the 442,235 shares under the employee stock ownership plan held by the resigned employee Lu Guocai, equivalent to 68,635 tradable shares of the Company, to Feng Yongying and Deng Shiguo, with each receiving one-half of the transferred shares.</p>		
Second Employee Stock Ownership Plan: Directors (excluding independent directors), senior executives, and key managers/technicians of the Company and its subsidiaries	22	1,424,500	<p>1. On August 8, 2018, the Company held the First Extraordinary General Shareholders Meeting in 2018, which deliberated and approved the Second Employee Stock Ownership Plan (Draft) of Centre Testing International Group Co., Ltd. and Its Abstract.</p> <p>2. On October 9, 2018, the Company held the 19th Meeting of the 4th Board of Supervisors and the 15th</p>	0.08%	Funds raised by employees and loans with interest provided by major shareholders

			<p>Meeting of the 4th Board of Supervisors, which deliberated and approved the Proposal on Amending the Second Employee Stock Ownership Plan (Draft) of Centre Testing International Group Co., Ltd. and Its Abstract and the Proposal on Amending the Administrative Measures for Second Employee Stock Ownership Plan of Centre Testing International Group Co., Ltd.</p> <p>3. On November 9, 2020, the Company held the Meeting of Holders of the Second Employee Stock Ownership Plan and the 9th Meeting of the 5th Board of Directors, which deliberated and approved the Proposal on the Extension of the Second Employee Stock Ownership Plan, agreeing to extend the term of the Company's second employee stock ownership plan by 24 months, that is, until December 10, 2022.</p> <p>4. On December 8, 2021, at the Meeting of Holders of the Second Employee Stock Ownership Plan, the Proposal on Adjusting the Second Employee Stock Ownership Plan was deliberated and approved; on December 13, 2021, at the 20th Meeting of the 5th Board of Directors, the Proposal on Amending the Draft Second Employee Stock Ownership Plan and Administrative Measures was deliberated and approved, where associated directors were subject to vote avoidance.</p> <p>5. On November 8, 2022, the Company held the Meeting of Holders of the Second Employee Stock Ownership Plan and the 30th Meeting of the 5th Board of Directors, which deliberated and approved</p>	
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			<p>the Proposal on the Extension of the Second Employee Stock Ownership Plan, agreeing to extend the term of the Company's first employee stock ownership plan by 24 months, that is, until December 10, 2024.</p> <p>6. On November 18, 2022, the Meeting of Holders of the Second Employee Stock Ownership Plan deliberated and approved the Proposal on Adjusting the Holders of the Second Employee Stock Ownership Plan, agreeing to transfer the 446,170 shares under the employee stock ownership plan originally held by Guo Lin, equivalent to 71,225 tradable shares of the Company, to Chai Yongzhi, Wen Jian and Dong Huimin, with each receiving one-third of the transferred shares. Upon such transfer, there are 22 holders under the second employee stock ownership plan, holding 1,424,500 shares of the Company.</p>		
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Shareholdings of directors, supervisors and senior executives in employee stock ownership plans during the reporting period

Name	Position	Number of shares held at the beginning of the period	Number of shares held at the end of the period	Percentage in total share capital of the listed company
Chen Yan (First Employee Stock Ownership Plan)	Chief Executive, Secretary of the Board of Directors	68,635	68,635	0.00%
Xu Jiang (First Employee Stock Ownership Plan)	Vice President	68,635	68,635	0.00%
Li Fengyong (First Employee Stock Ownership Plan)	Vice President	68,635	68,635	0.00%
Wang Hao (First Employee Stock Ownership Plan)	Vice President	68,635	68,635	0.00%
Zeng Xiaohu (First Employee Stock Ownership Plan)	Vice President	61,510	61,510	0.00%
Chen Yan (Second Employee Stock Ownership Plan)	Chief Executive, Secretary of the Board of Directors	71,225	71,225	0.00%
Xu Jiang (Second Employee Stock Ownership Plan)	Vice President	71,225	71,225	0.00%

Ownership Plan)				
Zhou Lu (Second Employee Stock Ownership Plan)	Vice President	71,225	71,225	0.00%

Changes in asset management institutions during the reporting period

Applicable Not Applicable

Changes in equity due to disposal of shares by holders during the reporting period

Applicable Not Applicable

First Employee Stock Ownership Plan: During the reporting period, due to the resignation of the original holder Lu Guocai, two new holders, Feng Yongying and Deng Shiguo, were added. 442,235 shares held by Lu Guocai under the employee stock ownership plan, equivalent to 68,635 tradable shares of the Company, were transferred to Feng Yongying and Deng Shiguo, with each receiving one-half of the transferred shares. Upon such transfer, there are 56 holders under the first employee stock ownership plan, holding 3,670,000 shares of the Company.

Second Employee Stock Ownership Plan: During the reporting period, given the original holder Guo Lin's job transfer from an employee to an expert advisor, he was required to withdraw from the employee stock ownership plan. 446,170 shares held by Mr. Guo Lin under the employee stock ownership plan, equivalent to 71,225 tradable shares of the Company, were transferred to Chai Yongzhi, Wen Jian, and Dong Huimin respectively, with each receiving one-third of the transferred shares. Upon such transfer, there are 22 holders under the second employee stock ownership plan, holding 1,424,500 shares of the Company.

Exercise of shareholders' rights during the reporting period

During the reporting period, administrators authorized under employee stock ownership plans all voted for the resolutions at the annual Shareholders' General Meeting in 2021, the First Extraordinary Shareholders' General Meeting in 2022, and the Second Extraordinary Shareholders' General Meeting in 2022.

Other information and notes on employee stock ownership plans during the reporting period

Applicable Not Applicable

Changes in the membership of the Employee Stock Ownership Plan Management Committee

Applicable Not Applicable

Employee stock ownership plans' financial impact on the listed company and related accounting treatment during the reporting period

Applicable Not Applicable

Termination of employee stock ownership plans during the reporting period

Applicable Not Applicable

Other remarks:

N/A.

3. Other employee incentives

Applicable Not Applicable

The Proposal on Capital Increase and Share Expansion of Subsidiaries and Connected Transactions was deliberated and approved at the 20th Meeting of the 5th Board of Directors of the Company, the 18th Meeting of the 5th Board of Supervisors and the

Second Extraordinary Shareholders' General Meeting in 2021, approving that the subsidiary Shanghai CTI Pinchuang Medical Testing Co., Ltd. (hereinafter referred to as "CTI Medical") increases its capital and shares at a price of RMB 4.50/registered capital (i.e., the pre-investment valuation of RMB 1,437,957,000). The subscription by CTI Medical Employee Stock Ownership Plan, CTI Medical Management Shareholding Platform and Chairman Mr. Wan Feng totals no more than RMB 290,043,000. On December 20, 2022, CTI Medical's capital increase and share expansion of CTI Pharmaceuticals and connected transactions were completed. The total paid-in amount of parties involved in CTI Medical's capital increase and share expansion was RMB 246,180,000, accounting for 84.88% of the planned capital increase of RMB 290,043,000, which was within the scope of CTI Medical's capital increase and share expansion plan approved by the Shareholders' General Meeting. Upon completion of the capital increase, the registered capital of CTI Medical increased from RMB 319,546,000 to RMB 374,252,600, and the shareholding ratio of CTI in CTI Medical was changed from 100% to 85.38%. For details, please refer to the Announcement on Capital Increase and Share Expansion of Subsidiaries and Connected Transactions (Announcement No. 2021-074), the Announcement on Progress in Capital Increase and Share Expansion of Subsidiaries and Connected Transactions (Announcement No. 2022-048), and the Announcement on Completion of Industrial and Commercial Registration of Changes as a Result of Capital Increase and Share Expansion of Subsidiaries and Connected Transactions (Announcement No. 2022-085) disclosed by the Company on Cninfo.com.cn.

XIV. Establishment and enforcement of internal control regulations during the reporting period

1. Establishment and enforcement of internal control

To adapt to the changing external environment and internal management requirements, the Company is committed to the continued improvement and optimization of its internal control system on the basis of daily supervision and special-purpose supervision, in accordance with regulatory requirements on internal control, and in combination with the Company's internal control regulations and evaluation methods. As per the provisions in the enterprises' internal control system, the Board of Directors of the Company establishes, improves and puts internal control in place, while evaluating its effectiveness, and truthfully disclosing internal control evaluation reports. The Board of Supervisors supervises the establishment and enforcement of internal control. The management is responsible for organizing and leading daily internal control. The Audit Committee is set up under the Board of Directors of the Company to supervise and review material matters such as the Company's periodic reports and internal control reports, and to report to the Board of Directors. Through internal control risk modules, some defects were found in the internal control by individual organizations within the scope of assessment during professional inspections and internal audits. Effective measures have been taken to remedy the internal control problems in a timely manner. Meanwhile a comprehensive assessment has been performed on other organizations to prevent similar risks from recurring. Therefore, there are no major defects in the integrity, compliance and effectiveness of the internal control system that the Company has established.

2. Details on major defects in internal control discovered during the reporting period

Yes No

XV. Management and control over the Company's subsidiaries during the reporting period

Company name	Integration plan	Integration progress	Challenges in integration	Solutions applied	Resolution progress	Follow-up resolution plan
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Jilin Anxin Food Technology Service Co., Ltd.	2022: inclusion in the scope of consolidation and integration of finance, IT, and HR functions; integration of operations, technical capabilities, and sales, and completion of business collaboration.	Completed	N/A.	N/A.	N/A.	N/A.
CTI (Nantong) Automobile Technology Service Co., Ltd.	2022: inclusion in the scope of consolidation and integration of corporate governance, HR, finance, IT, and operations.	Completed	N/A.	N/A.	N/A.	N/A.

XVI. Self-evaluation report for internal control or audit report for internal control

1. Self-evaluation report for internal control

Date of disclosure of the full-text self-evaluation report for internal control	April 25, 2023	
Disclosure index of the full-text self-evaluation report for internal control	Cninfo.com.cn (http://www.cninfo.com.cn)	
Total assets of organizations included in the evaluation scope as a percentage of the total assets specified in the consolidated financial statements of the Company	100.00%	
Operating revenue of organizations included in the evaluation scope as a percentage of the total revenue specified in the consolidated financial statements of the Company	100.00%	
Identification criteria for defects		
Category	Financial report	Non-financial report
Qualitative criteria	Extensive damages; business interruption > 2 days/leading to complete failure of processes or functions	Continuous media exposure; damaged trust with business partners; damaged trust by shareholders
Quantitative criteria	>1,000,000	>1,000,000
Number of major defects in financial reports	0	
Number of major defects in non-financial reports	0	
Number of important defects in financial reports	0	
Number of important defects in non-	0	

financial reports

2. Audit report or authentication report for internal control

Not applicable

XVII. Rectification of problems found in self-examination under the listed company governance campaign

The Company prudently examines its corporate governance every six months according to the list specified in the CSRC Notice on Listed Company Governance Campaign (ZJBF [2020] No. 69). Through self-examination, the Company has established a sound modern enterprise system and a robust corporate governance structure as required, with no major omissions and other misconducts found. During the reporting period, there were no defects requiring rectification at the Company.

Section V Environmental and Social Responsibilities

I. Material environmental issues

The listed company or any of its subsidiaries is a pollutant discharge organization under key supervision as announced by environmental protection authorities

Yes No

Policies and industrial standards on environmental protection

1. Environmental Protection Law of the People's Republic of China
2. Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution
3. Law of the People's Republic of China on Prevention and Control of Water Pollution
4. Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution
5. Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste
6. Law of the People's Republic of China on Environmental Impact Appraisal
7. Law of the People's Republic of China on Prevention and Control of Soil Contamination
8. Emergency Response Law of the People's Republic of China
9. Measures for Environmental Emergency Management

Administrative licensing for environmental protection

1. Centre Testing International Group Co., Ltd. (Shenzhen) was granted a pollutant discharge/emission license (No. 91440300757618160G001X) on September 29, 2020, which is valid until September 28, 2023.
2. Suzhou CTI Testing Technology Co., Ltd. was granted a pollutant discharge/emission license (No. 913205076720080800001X) on June 28, 2020, which is valid until June 27, 2025.
3. Huai'an CTI Testing Technology Co., Ltd. was granted a pollutant discharge/emission license (No. 91320802094112168Y001W) on September 23, 2021, which is valid until September 22, 2026.

Discharge/emission of pollutants specified in industrial standards and involved in production and operation activities

Organization name	Type of major pollutant and marker pollutant	Name of major pollutant and marker pollutant	Way of discharge/emission	Number of outlets	Distribution of outlets	Concentration/intensity of discharge/emission	Executive discharge/emission standards	Total discharges/emissions	Upper limit of total discharges/emissions	Incompliant discharge/emission
Centre Testing International Group Co., Ltd. (Shenzhen)	Organic exhaust gas	Non-methane hydrocarbon	Organized emission	26	Rooftop	5.87mg/m ³	Emission limits of air pollutants in Guangdong_ DB4427-2001	0.0996996	/	N/A.
Centre Testing International Group Co., Ltd. (Shenzhen)	Inorganic exhaust gas	Hydrogen chloride	Organized emission	5	Rooftop	2.67mg/m ³	Emission limits of air pollutants in Guangdong_	0.00195564	/	N/A.

							DB4427-2001			
Centre Testing International Group Co., Ltd. (Shenzhen)	Inorganic exhaust gas	Sulfuric acid mist	Organized emission	5	Rooftop	5.87mg/m ³	Emission limits of air pollutants in Guangdong DB4427-2001	0.0009984	/	N/A.
Centre Testing International Group Co., Ltd. (Shenzhen)	Inorganic exhaust gas	NOx	Organized emission	5	Rooftop	5.1mg/m ³	Emission limits of air pollutants in Guangdong DB4427-2001	0.00275412	/	N/A.
Centre Testing International Group Co., Ltd. (Shenzhen)	Wastewater	PH	Compliant discharge upon treatment	1	Rooftop	6.9	1. Discharge limits of water pollutants DB44/26-2001 2. Wastewater quality standards for discharge to municipal sewers GB/T31962-2015	—	—	N/A.
Centre Testing International Group Co., Ltd. (Shenzhen)	Wastewater	SS	Compliant discharge upon treatment	1	Next to the parking lot on the left of CTI's main entrance	0.08mg/L	1. Discharge limits of water pollutants DB44/26-2001 2. Wastewater quality standards for discharge to municipal sewers GB/T31962-2015	0.0229	/	N/A.
Centre Testing International Group Co., Ltd. (Shenzhen)	Wastewater	COD	Compliant discharge upon treatment	1	Next to the parking lot on the left of CTI's main entrance	16mg/L	1. Discharge limits of water pollutants DB44/26-2001 2. Wastewater quality standards for discharge to municipal sewers GB/T31962-	0.229	/	N/A.

							2015			
Centre Testing International Group Co., Ltd. (Shenzhen)	Wastewater	TP	Compliant discharge upon treatment	1	Next to the parking lot on the left of CTI's main entrance	0.01mg/L	1. Discharge limits of water pollutants DB44/26-2001 2. Wastewater quality standards for discharge to municipal sewers GB/T31962-2015	0.0000429	/	N/A.
Centre Testing International Group Co., Ltd. (Shenzhen)	Wastewater	Ammonia nitrogen	Compliant discharge upon treatment	1	Next to the parking lot on the left of CTI's main entrance	0.222mg/L	1. Discharge limits of water pollutants DB44/26-2001 2. Wastewater quality standards for discharge to municipal sewers GB/T31962-2015	0.00031	/	N/A.
Centre Testing International Group Co., Ltd. (Shenzhen)	Wastewater	TN	Compliant discharge upon treatment	1	Next to the parking lot on the left of CTI's main entrance	5.85mg/L	1. Discharge limits of water pollutants DB44/26-2001 2. Wastewater quality standards for discharge to municipal sewers GB/T31962-2015	0.00837	/	N/A.
Suzhou CTI Testing Technology Co., Ltd.	Exhaust gas	Particulate matter	Organized emission	1	Rooftop	0.00637mg/m ³	1. Integrated emission standard of air pollutants GB16297-1996 2. Emission control standard for industrial enterprises volatile	0.00166904	≥0.1688	N/A.

							organic compounds DB12/524-2014			
Suzhou CTI Testing Technology Co., Ltd.	Exhaust gas	VOCs	Organized emission	25	Rooftop	0.0465mg/m ³	1. Integrated emission standard of air pollutants GB16297-1996 2. Emission control standard for industrial enterprises volatile organic compounds DB12/524-2014	0.00738048	≥0.0215	N/A.
Suzhou CTI Testing Technology Co., Ltd.	Exhaust gas	Hydrochloric acid mist	Organized emission	25	Rooftop	0.0072mg/m ³	1. Integrated emission standard of air pollutants GB16297-1996 2. Emission control standard for industrial enterprises volatile organic compounds DB12/524-2014	0.002731968	≥0.0102	N/A.
Suzhou CTI Testing Technology Co., Ltd.	Exhaust gas	Sulfuric acid mist	Organized emission	25	Rooftop	0.0115mg/m ³	1. Integrated emission standard of air pollutants GB16297-1996 2. Emission control standard for industrial enterprises volatile organic compounds DB12/524-2014	0.00504804	≥0.0169	N/A.
Suzhou CTI Testing Technology Co., Ltd.	Exhaust gas	NOx	Organized emission	25	Rooftop	Negative	1. Integrated emission standard of air pollutants GB16297-1996	0	≥0.0169	N/A.

							2. Emission control standard for industrial enterprises volatile organic compounds DB12/524-2014			
Suzhou CTI Testing Technology Co., Ltd.	Wastewater	COD	Compliant discharge upon treatment	1	Southwest corner of the Company	19mg/L	Wastewater quality standards for discharge to municipal sewers CJ340-2010	0.0399	≥5.04	N/A.
Suzhou CTI Testing Technology Co., Ltd.	Wastewater	SS	Compliant discharge upon treatment	1	Southwest corner of the Company	7mg/L	Wastewater quality standards for discharge to municipal sewers CJ340-2010	0.0147	≥2.32	N/A.
Suzhou CTI Testing Technology Co., Ltd.	Wastewater	Ammonia nitrogen	Compliant discharge upon treatment	1	Southwest corner of the Company	0.257mg/L	Wastewater quality standards for discharge to municipal sewers CJ340-2010	0.0005397	≥0.24	N/A.
Suzhou CTI Testing Technology Co., Ltd.	Wastewater	TP	Compliant discharge upon treatment	1	Southwest corner of the Company	2.98mg/L	Wastewater quality standards for discharge to municipal sewers CJ340-2010	0.006258	≥0.048	N/A.
Huai'an CTI Testing Technology Co., Ltd.	Exhaust gas	Hydrogen chloride	Organized emission	2	Rooftop platform	Negative	Integrated emission standard of air pollutants (DB32/4041-2021)	0	0.0068	N/A.
Huai'an CTI Testing Technology Co., Ltd.	Exhaust gas	Trichloromethane	Organized emission	1	Rooftop platform	Negative	Integrated emission standard of air pollutants (DB32/4041-2021)	0	0.0006	N/A.
Huai'an CTI Testing Technology Co., Ltd.	Exhaust gas	NOx	Organized emission	2	Rooftop platform	Negative	Integrated emission standard of air pollutants (DB32/4041-2021)	0	0.0002	N/A.
Huai'an CTI	Exhaust gas	Sulfuric	Organized	2	Rooftop	1.34mg/m ³	Integrated	0.0076	0.0092	N/A.

Testing Technology Co., Ltd.		acid mist	emission		platform		emission standard of air pollutants (DB32/4041-2021)			
Huai'an CTI Testing Technology Co., Ltd.	Wastewater	COD	Compliant discharge upon treatment	1	The Company	11.9mg/L	Standard for takeover by sewage treatment plant at Huai'an Economic & Technological Development Zone	0.0089	0.2643	N/A.
Huai'an CTI Testing Technology Co., Ltd.	Wastewater	SS	Compliant discharge upon treatment	1	The Company	8mg/L	Standard for takeover by sewage treatment plant at Huai'an Economic & Technological Development Zone	0.006	0.1245	N/A.
Huai'an CTI Testing Technology Co., Ltd.	Wastewater	Ammonia nitrogen	Compliant discharge upon treatment	1	The Company	0.065mg/L	Standard for takeover by sewage treatment plant at Huai'an Economic & Technological Development Zone	0.000048	0.02	N/A.
Huai'an CTI Testing Technology Co., Ltd.	Wastewater	TP	Compliant discharge upon treatment	1	The Company	Negative	Standard for takeover by sewage treatment plant at Huai'an Economic & Technological Development Zone	0	0.0024	N/A.
Huai'an CTI Testing Technology Co., Ltd.	Wastewater	Total nitrogen	Compliant discharge upon treatment	1	The Company	3.5mg/L	Standard for takeover by sewage treatment plant at Huai'an Economic & Technological Development Zone	0.00263	0.028	N/A.

							Development Zone			
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Pollutant treatment

Environmental protection measures	Centre Testing International Group Co., Ltd. (Shenzhen)	Suzhou CTI Testing Technology Co., Ltd.	Huai'an CTI Testing Technology Co., Ltd.
Industrial wastewater	After being collected and mixed, wastewater is treated by a separate wastewater treatment facility via the chemical precipitation process.	Upon pretreatment by the wastewater treatment facility in the factory area, wastewater is discharged into the municipal sewage pipe network.	An automatic pH neutralization system is applied to neutralize the wastewater used for cleaning, and then the neutralized wastewater is discharged into the sewage pipe network.
Industrial exhaust gas	Exhaust gas such as sulfuric acid mist and hydrogen chloride acid mist are adsorbed by lye in a spray tower; and organic exhaust gas is adsorbed by an activated carbon device and emitted by a pipe about 50m high.	Dust produced by soil grinding is collected and then discharged by a 25m exhaust pipe after going through a bag filter; and exhaust gas generated by the volatilization of chemical reagents in laboratories is collected by suction hoods, and then adsorbed by activated carbon, before being emitted through a 20m/25m exhaust pipe.	Exhaust gas is collected by a negative pressure airtight fume hood or a gas collection hood on top of a detection instrument, and then emitted through a (15m) exhaust pipe after "secondary activated carbon adsorption."

Autonomous environmental monitoring program

Pollutants are monitored on a yearly basis as required by pollutant discharge/emission licenses or authority replies on environmental impact assessment.

Environmental emergency response plans

Documents such as the Environmental Emergency Risk Assessment Report, the Environmental Emergency Response Resources Investigation Report, and the Contingency Plan for Environmental Emergencies have been prepared as required by local regulatory administrations.

Precautions

Main works: 1. Surrounding roads are in a ring shape to ensure the unimpeded flow of fire-fighting vehicles. 2. A complete, efficient fire alarm system, which includes an emergency evacuation system, an indoor and outdoor fire protection service system, a smoke exhaust system, and an emergency lighting and evacuation direction system, is equipped. 3. Eyewashes and shower devices are equipped. 4. Ventilation systems, fire alarm probes, manual alarm devices, fire hydrants, fire extinguishers, eyewashes, gas masks, acid-proof gloves, safety shoes, and emergency switches are available, and pre-operation equipment inspections, shift systems, pre-job training, licensed operations are guaranteed.

Sewage treatment stations: Throttle valves are installed, and the industrial wastewater pipe network is equipped with emergency valves for pumping it back to regulating tanks in case of emergencies; and sandbags are utilized to prevent the flooding of heavy rainwater.

Hazardous waste warehouses: Waste is collected in a separate manner or after classification; hazardous waste storage rooms, rain proof facilities, and anti-seepage facilities are set up; hazardous waste rooms are equipped with ground liquid collection and emergency collection facilities, connected with emergency lagoons, and marked with indication signs; safety training is given and hazardous waste operation instructions are developed, coupled with regular inspections, liquid level marking, cofferdams, adsorption materials, and so on.

The Company ensures the reserve of necessary emergency supplies, allocates them according to the Company's environmental risks and emergency rescue plans, and formulates a management regulation to prevent their failure and loss.

Investment in environmental governance and protection and payment of environmental protection tax

In 2022, the total environmental protection tax paid by CTI: RMB 71,022.34.

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

Applicable Not Applicable

The Company adopts the classified energy management approach. It encourages efficient electricity use in laboratories and offices, strengthens the management of electricity consuming equipment, and efficiently utilizes experimental equipment to reduce electricity consumption; it also promotes the use of energy-saving electrical appliances, advocates turning off lights when leaving, and reduces energy consumption by office appliances in the standby mode. For gasoline usage control, the Company registers refueling cards and driving distances, and gradually uses electric sampling vehicles to replace gasoline and diesel ones.

In order to reduce the distance of business travel, the Company prioritizes assigning employees close to the project site as team members according to the business needs. Video conference rooms are used to reduce the number of business trips. At the same time, employees are encouraged to give priority to green travel vehicles, such as public transportation and bicycles.

CTI incorporates energy conservation and consumption reduction into its annual HSE management objectives, and the Administrative and General Affairs Department drafts an implementation plan for energy management of the year.

Administrative penalties for environmental issues during the reporting period

N/A.

Other environmental information that should be disclosed

For details, see the Company's 2022 Environmental, Social and Governance Report.

Other environmental protection information

For details, see the Company's 2022 Environmental, Social and Governance Report.

II. Social responsibilities

The 2022 Environmental, Social and Governance Report was disclosed on www.cninfo.com.cn on April 25, 2023.

III. Building on and expanding the achievements of poverty alleviation and rural revitalization

During the reporting period, CTI made social donations totaling RMB 75,000, including RMB 20,000 to impoverished villages in Du'an County for the installation of solar street lights, and RMB 10,000 for the Education Fund in Longgang District, Shenzhen.

On March 18, 2022, the Yicheng Foundation held the Beijing Yicheng Cooperative Development Foundation's 2022 Annual Technology Public Welfare Conference on Rare Diseases & the Release of Project Application Guide. On the occasion, CTI Beijing donated RMB 20,000.

Section VI Material Matters

I. Commitment fulfillment

1. Commitments that had been fulfilled by parties concerned such as the actual controllers, shareholders, related parties, and acquirers of the Company and the Company during the reporting period or those that remained underway before the end of the reporting period

Applicable Not Applicable

Source of commitment	Committed by	Type of commitment	Details	Time of commitment	Term of commitment	Progress in fulfillment
Commitment made at the time of IPO or refinancing	Guo Bing; Guo Yong; Wan Lipeng	Commitment on horizontal competition, connected transaction and occupation of funds	To avoid possible horizontal competition with the Company in the future, major shareholders of the Company, Wan Lipeng, Wan Feng, Guo Bing and Guo Yong, have signed a Letter of Commitments to Avoid Horizontal Competition, under which each of them commits that: 1. They have not engaged in or participated in any competition with the Company. To avoid new or potential horizontal competition with the Company, they will not directly or indirectly engage in or participate in any business that competes with the business of the Company, or have any right or interest in any economic entity, institution or economic organization that competes with the Company in or outside China, or otherwise acquire the control over such economic entity, institution or economic organization; or serve as senior executives or other core management in such economic entity, institution or economic organization; and 2. The above commitment shall be valid as long as they hold shares or take office in the Company, and they shall pay for all economic losses incurred from the breach of the above commitment.	September 1, 2008	Long-term	Performance in progress
Commitment made at the time of IPO or refinancing	Wan Feng; Wan Lipeng	Commitment on shareholders acting in concert	The actual controllers of the Company, Wan Lipeng and Wan Feng, who are in parent-child relationship, commit to act in concert and they are persons acting in concert.	September 1, 2008	Long-term	Performance in progress
Other commitments made for minority shareholders of the Company	Yu Cuiping	Commitment of restriction on share sales	I, Yu Cuiping, hereby commit to continue to fulfill Mr. Wan Feng's original commitment on share locking concerning my CTI shares acquired upon divorce: (1) I commit that during Mr. Wan Feng's tenure as a director, supervisor or senior executive otherwise of the Company, I will not reduce more than 25% of the remaining shares held by me every year; (2) I commit to voluntarily and gratuitously delegate the voting power granted by CTI shares acquired by me to Mr. Wan Feng; (3) I will not transfer any of these CTI shares within 6 months, or more than 50% of these CTI shares within 18 months, after Mr. Wan Feng resigns or	June 28, 2017	Long-term	Performance in progress

			<p>is dismissed;</p> <p>(4) I commit to comply with the regulations on restricted stock of CSRC and Shenzhen Stock Exchange;</p> <p>(5) I commit to follow the Several Provisions on the Reduction of Shares Held in a Listed Company by the Shareholders, Directors, Supervisors, and Senior Executives of the Listed Company issued by CSRC on May 26, 2017 and the Implementing Rules of the Shenzhen Stock Exchange for Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies issued by Shenzhen Stock Exchange on May 27, 2017;</p> <p>(6) I commit to abide by the aforesaid provisions with regard to the additional CTI shares I hold due to distribution of bonus shares, conversion of capital reserve to capital stock or any other reasons.</p>			
Whether the commitments are fulfilled on time	Yes					
Where any commitment has not been fulfilled on time, specific reasons for such failure and a future work plan should be provided	Not applicable					

2. The Company's statement on assets or projects matching original profit forecasts and reasons, where such profit forecasts have been made and the reporting period falls within the profit forecast period

Applicable Not Applicable

II. Appropriation of funds for non-operating purposes by controlling shareholders and other related parties

Applicable Not Applicable

During the reporting period, no controlling shareholder or other related party used capital of the listed company for non-operating purposes.

III. Illegal provision of external guarantees

Applicable Not Applicable

There was no illegal provision of external guarantees by the Company during the reporting period.

IV. Explanation of the Board of Directors on the latest "non-standard audit report"

Applicable Not Applicable

V. Explanation of the Board of Directors, the Board of Supervisors and independent directors (if any) on the "non-standard audit reports "by the accounting firm for the reporting period

Applicable Not Applicable

VI. Statement of the Board of Directors on the changes in accounting policies and accounting estimates or the correction of significant accounting errors during the reporting period

Applicable Not Applicable

VII. Notes on the changes on a consolidated basis compared with the financial report for the previous year

Applicable Not Applicable

Companies that the Company has obtained control over through M&A in the current period: Jilin Anxin Food Technology Service Co., Ltd., and CTI (Nantong) Automobile Technology Service Co., Ltd. New subsidiaries set up by the Company in the current period: CTI Data Certification and Testing (Shenzhen) Co., Ltd., Guangzhou CTI Pinjian Biotechnology Co., Ltd. and Sichuan CTI Testing Technology Co., Ltd.

VIII. Appointment and dismissal of accounting firms

Accounting firms in service

Name of domestic accounting firm	Da Hua Certified Public Accountants (Special General Partnership)
Compensation for domestic accounting firm (in RMB 10,000)	201.41
Number of consecutive years that the domestic accounting firm has provided audit services	4
Name of CPA of the domestic accounting firm	Zhou Junxiang and Lv Hongtao
Number of consecutive years that CPA of domestic accounting firm has provided audit services	3 years for Zhou Junxiang and 5 years for Lv Hongtao
Name of foreign accounting firm (if any)	N/A.
Compensation for foreign accounting firm (in RMB 10,000) (if any)	0
Number of consecutive years that the foreign accounting firm has provided audit services (if any)	N/A.
Name of CPA of the foreign accounting firm (if any)	N/A.
Number of consecutive years that CPA of foreign accounting firm has provided audit services (if any)	N/A.

The accounting firm is changed

Yes No

Employment of accounting firms, financial advisors or sponsors for the audit of internal control

Applicable Not Applicable

IX. Delisting after the disclosure of the Annual Report

Applicable Not Applicable

X. Matters related to bankruptcy and reorganization

Applicable Not Applicable

No bankruptcy or reorganization occurred at the Company during the reporting period.

XI. Significant lawsuits and arbitrations

Applicable Not Applicable

Overview	Amount of money involved (in RMB 10,000)	Whether an estimated liability is formed	Progress	Results and implications	Execution of judgment	Date of disclosure	Index of disclosure
36 closed lawsuits	657.25	No	Settled	The lawsuits have been adjudicated or withdrawn, which are not expected to have a significant impact on the Company.	-		-
31 outstanding lawsuits	1,393.46	No	Pending	The cases are about the Company suing another party for trademark infringement, unfair competition, contract disputes, etc., which are not expected to have a significant impact on the Company.	-		-

XII. Punishment and rectification

Applicable Not Applicable

The Company had no punishment and rectification during the reporting period.

XIII. Integrity of the Company and its controlling shareholders and actual controllers

Applicable Not Applicable

XIV. Material connected transactions**1. Connected transactions relating to day-to-day business operations**

Applicable Not Applicable

There were no connected transactions relating to day-to-day business operations at the Company during the reporting period.

2. Connected transactions arising from acquisition and sale of assets or equities

Applicable Not Applicable

There were no connected transactions arising from the acquisition and sale of assets or equities at the Company during the reporting period.

3. Connected transactions in foreign joint investment

Applicable Not Applicable

There were no connected transactions in foreign joint investment at the Company during the reporting period.

4. Transactions of related creditor's rights and debts

Applicable Not Applicable

There were no transactions of related creditor's rights and debts at the Company during the reporting period.

5. Transactions with related financial companies

Applicable Not Applicable

There was no deposit, loan, credit or other financial transactions between the Company and related financial companies and related parties thereof.

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

Applicable Not Applicable

There was no deposit, loan, credit or other financial transactions between the financial companies controlled by the Company and their related parties.

7. Other material connected transactions

Applicable Not Applicable

On November 8, 2022, the 30th Meeting of the 5th Board of Directors of the Company deliberated and approved the Proposal on Proposed Acquisition of 100% Equity of and Capital Increase in VESP Technology (Hefei) Co., Ltd. and Connected Transactions, agreeing to acquire 100% equity of VESP Technology (Hefei) Co., Ltd. (hereinafter referred to as "VESP" or the "target company") for RMB 160 million-180 million. On November 16, 2022, the Company, as the transferee, signed the Equity Transfer Agreement on VESP Technology (Hefei) Co., Ltd. (hereinafter referred to as the "transaction agreement") with all shareholders of VESP, determining that the Company acquires 100% equity of VESP for RMB 163 million (the final transaction price is subject to the exchange rate at the time of payment). Mr. Wan Jun holds 2.2577% equity of the target company. As one of the counterparties of the transaction, he is the brother of Mr. Wan Feng, the actual controller of the Company. According to the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, Mr. Wan Jun is deemed the Company's associated natural person. The amount of connected transaction involved in the acquisition is RMB 2.8045 million - within the scope of approval power of the Company's Board of Directors. For details, please refer to the Announcement on Proposed Acquisition of 100% Equity of and Capital Increase in VESP Technology (Hefei) Co., Ltd. and Connected Transactions, the Announcement on Progress in Acquisition of 100% Equity of and Capital Increase in VESP Technology (Hefei) Co., Ltd. and Connected Transactions and the Announcement on Completion of Industrial and Commercial Registration of Changes as a Result of Acquisition of 100% Equity

of and Capital Increase in VESP Technology (Hefei) Co., Ltd. and Connected Transactions (Announcement No.: 2022-072, 2022-076, 2022-089) disclosed by the Company on November 9 and 17, 2022.

Search for provisional reports on material connected transactions on the disclosure website

Name of provisional announcement	Date of disclosure	Disclosure website
Announcement on Proposed Acquisition of 100% Equity of and Capital Increase in VESP Technology (Hefei) Co., Ltd. and Connected Transactions	November 9, 2022	Cninfo.com.cn
Announcement on Progress in Acquisition of 100% Equity of and Capital Increase in VESP Technology (Hefei) Co., Ltd. and Connected Transactions	November 17, 2022	Cninfo.com.cn
Announcement on Completion of Industrial and Commercial Registration of Changes as a Result of Acquisition of 100% Equity of and Capital Increase in VESP Technology (Hefei) Co., Ltd. and Connected Transactions	December 31, 2022	Cninfo.com.cn

XV. Significant contracts and their performance

1. Trusteeship, contracting and lease

(1) Trusteeship

Applicable Not Applicable

No trusteeship occurred at the Company during the reporting period.

(2) Contracting

Applicable Not Applicable

No contracting occurred at the Company during the reporting period.

(3) Lease

Applicable Not Applicable

Notes on leases

During the reporting period, the Company's office lease for daily operations was made in Shenzhen, Qingdao, Beijing, Hangzhou and other places, and the yearly rental for such lease had no significant impact on the profits of the Company in the reporting period.

Item with gains/losses reaching over 10% of the total profit of the Company during the reporting period

Applicable Not Applicable

During the reporting period, there was no lease item with gains/losses reaching over 10% of the total profit of the Company during the same period.

2. Material guarantees

Applicable Not Applicable

Unit: RMB 10,000

External guarantees provided by the Company and its subsidiaries (excluding guarantees to subsidiaries)										
Name of the guaranteed	Disclosure date of announcement related to guarantee limit	Guarantee limit	Actual guarantee date	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Period of guarantee	Whether the guarantee is completed	Whether it is a guarantee to a related party
Guarantees provided by the Company to its subsidiaries										
Name of the guaranteed	Disclosure date of announcement related to guarantee limit	Guarantee limit	Actual guarantee date	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Period of guarantee	Whether the guarantee is completed	Whether it is a guarantee to a related party
Centre Testing International (Hong Kong) Co., Ltd.	October 19, 2021	10,000	April 18, 2022	3,482.3	Joint liability guarantee	N/A.	N/A.	April 18, 2022 – June 30, 2023	No	Yes
Sichuan CTI Jianxin Testing Technology Co., Ltd.	March 3, 2022	136	March 11, 2022	136	Joint liability guarantee	N/A.	Proportional guarantee	March 11, 2022 – March 11, 2023	No	Yes
Sichuan CTI Jianxin Testing Technology Co., Ltd.	July 26, 2022	20	August 1, 2022	20	General guarantee	N/A.	N/A.	August 1, 2022 – July 25, 2024	No	Yes
CTI Engineering Testing Co., Ltd.	March 3, 2022	63.71	March 25, 2022	63.71	General guarantee	N/A.	N/A.	March 25, 2022 – June 30, 2023	No	Yes
CTI Engineering Testing Co., Ltd.	March 3, 2022	43.66	March 25, 2022	43.66	General guarantee	N/A.	N/A.	March 25, 2022 – March 31, 2023	No	Yes
CTI Engineering Testing Co., Ltd.	March 3, 2022	16.61	March 28, 2022	16.61	General guarantee	N/A.	N/A.	March 28, 2022 – December 31, 2025	No	Yes
CTI Engineering Testing Co., Ltd.	March 3, 2022	42.43	March 28, 2022	42.43	General guarantee	N/A.	N/A.	March 28, 2022 – March 31, 2024	No	Yes
CTI Engineering Testing Co., Ltd.	March 3, 2022	31.25	April 12, 2022	31.25	General guarantee	N/A.	N/A.	April 12, 2022 – December 31, 2023	No	Yes
CTI Engineering	March 3, 2022	15.9	April 12, 2022	15.9	General guarantee	N/A.	N/A.	April 12, 2022 –	No	Yes

Testing Co., Ltd.								December 31, 2023		
Total limit of guarantees to subsidiaries approved within the reporting period (B1)	369.56			Total actual amount of guarantees to subsidiaries within the reporting period (B2)	3,851.86					
Total limit of guarantees to subsidiaries approved at the end of the reporting period (B3)	10,369.56			Total balance of guarantees actually provided to subsidiaries by the end of the reporting period (B4)	3,851.86					
Guarantees provided by subsidiaries to subsidiaries										
Name of the guaranteed	Disclosure date of announcement related to guarantee limit	Guarantee limit	Actual guarantee date	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Period of guarantee	Whether the guarantee is completed	Whether it is a guarantee to a related party
imat-uve gmbh	May 21, 2022	2,191.24	September 2, 2022	582.96	General guarantee	N/A.	Proportional guarantee	September 2, 2022 –April 30, 2026	No	Yes
Total limit of guarantees to subsidiaries approved within the reporting period (C1)	2,191.24			Total actual amount of guarantees to subsidiaries within the reporting period (C2)	582.96					
Total limit of guarantees to subsidiaries approved at the end of the reporting period (C3)	2,191.24			Total balance of guarantees actually provided to subsidiaries by the end of the reporting period (C4)	582.96					
Total guarantee amount provided by the Company (i.e., total of the above three guarantees)										
Total limit of guarantees approved within the reporting period (A1+B1+C1)	2,560.8			Total actual amount of guarantees within the reporting period (A2+B2+C2)	4,434.82					
Total limit of guarantees approved at the end of the reporting period (A3+B3+C3)	12,560.8			Total balance of guarantees actually provided by the end of the reporting period (A4+B4+C4)	4,434.82					
Total actual amount of guarantees (A4+B4+C4) as a percentage of net assets of the Company										0.81%
Including:										
Balance of guarantees provided to shareholders, actual controllers and their related parties (D)										0
Balance of debt guarantees directly or indirectly provided to the guaranteed with an asset-liability ratio of more than 70% (E)										0
Amount of the portion of the total guarantee amount that exceeds 50% of the net assets (F)										0
Total amount of the above three guarantees (D+E+F)										0
Notes on guarantee liabilities that occurred or possible joint and several liabilities of repayment with evidence during the reporting period (if any) for unexpired guarantee contracts										N/A.

Notes on the provision of guarantees in violation of prescribed procedures (if any)	N/A.
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Details on provision of guarantees in mixed methods

N/A.

3. Entrustment of cash assets management

(1) Entrusted wealth management

Applicable Not Applicable

Overview of entrusted wealth management within the reporting period

Unit: RMB 10,000

Type	Fund source	Actual amount	Undue balance	Overdue amount unrecovered	Overdue unrecovered amount under provision for impairment
Bank wealth management products	Self-owned funds	59,277	44,277	0	0
Total		59,277	44,277	0	0

Details on high-risk entrusted wealth management with large amount involved, or low security and poor liquidity

Applicable Not Applicable

Entrusted wealth management is expected to fail to recover the principal or there are other circumstances that may lead to impairment

Applicable Not Applicable

(2) Entrusted loans

Applicable Not Applicable

No entrusted loan occurred at the Company during the reporting period.

4. Other material contracts

Applicable Not Applicable

There were no other material contracts at the Company during the reporting period.

XVI. Statement of other material matters

Applicable Not Applicable

Announcement No.	Announcement	Date of disclosure	Media of disclosure
2022-001	Pre-disclosure Announcement on Reduction of Shares Held by Senior Executives	2022-01-11	Cninfo.com.cn
2022-002	Performance Forecast for 2021	2022-01-25	Cninfo.com.cn
2022-003	Announcement on Change in Shareholding by Shareholders and Their Persons Acting in Concert Reaching 1%	2022-02-12	Cninfo.com.cn
2022-004	Brief Performance Report for 2021	2022-02-26	Cninfo.com.cn
2022-005	Announcement on Obtaining Government Subsidies	2022-02-26	Cninfo.com.cn

2022-006	Announcement on Use of Idle Self-owned Funds for Entrusted Wealth Management	2022-03-03	Cninfo.com.cn
2022-007	Announcement on Providing Guarantees to Holding Subsidiaries	2022-03-03	Cninfo.com.cn
2022-008	Announcement on Issuing Performance Guarantees to Wholly-Owned Subsidiaries	2022-03-03	Cninfo.com.cn
2022-009	Announcement of Resolution of the 22nd Meeting of the 5th Board of Directors	2022-03-03	Cninfo.com.cn
2022-010	Announcement of Resolution of the 20th Meeting of the 5th Board of Supervisors	2022-03-03	Cninfo.com.cn
2022-011	Announcement on Repurchasing Shares of the Company	2022-03-15	Cninfo.com.cn
2022-012	Announcement of Resolution of the 23rd Meeting of the 5th Board of Directors	2022-03-15	Cninfo.com.cn
2022-013	Announcement of Resolution of the 21st Meeting of the 5th Board of Supervisors	2022-03-15	Cninfo.com.cn
2022-014	Announcement on Shareholdings by Top Ten Shareholders and Top Ten Unrestricted Shareholders in Share Repurchase	2022-03-19	Cninfo.com.cn
2022-015	Repurchase Report	2022-03-19	Cninfo.com.cn
2022-016	Announcement on Progress in Share Repurchase	2022-04-02	Cninfo.com.cn
2022-017	Performance Forecast for Q1 2022	2022-04-09	Cninfo.com.cn
2022-018	Indicative Announcement on Disclosure of Annual Report for 2021	2022-04-25	Cninfo.com.cn
2022-019	Annual Report 2021	2022-04-25	Cninfo.com.cn
2022-020	Annual Report Summary for 2021	2022-04-25	Cninfo.com.cn
2022-021	Announcement of Resolution of the Board of Directors	2022-04-25	Cninfo.com.cn
2022-022	Announcement of Resolution of the Board of Supervisors	2022-04-25	Cninfo.com.cn
2022-023	Announcement on Closing Some Investment Projects and Canceling Special Accounts	2022-04-25	Cninfo.com.cn
2022-024	Announcement on Continuing Contract with the Company's Audit Institution for 2022	2022-04-25	Cninfo.com.cn
2022-025	Announcement on Adjusting Credit Banks and Related Guarantees by Wholly Owned Subsidiaries	2022-04-25	Cninfo.com.cn
2022-026	Announcement on Applying to Commercial Banks for Comprehensive Credit Line	2022-04-25	Cninfo.com.cn
2022-027	Indicative Announcement on Disclosure of Report for Q1 2022	2022-04-25	Cninfo.com.cn
2022-028	Report for Q1 2022	2022-04-25	Cninfo.com.cn
2022-029	Notice on Convening the General Shareholders 'Meeting of 2021	2022-04-25	Cninfo.com.cn
2022-030	Notice on Convening the Online Performance Briefing of 2021	2022-04-25	Cninfo.com.cn
2022-031	Announcement on the Early Termination of the Plan for Shareholding Reduction by Senior Executives	2022-04-28	Cninfo.com.cn
2022-032	Announcement on Progress in Share Repurchase	2022-05-06	Cninfo.com.cn
2022-033	Announcement of Resolution of the General Shareholders 'Meeting of 2021	2022-05-17	Cninfo.com.cn
2022-034	Announcement on the Equity Distribution in 2021	2022-05-19	Cninfo.com.cn
2022-035	Announcement of Resolution of the 25th Meeting of the 5th Board of Directors	2022-05-21	Cninfo.com.cn
2022-036	Announcement of Resolution of the 23rd Meeting of the 5th Board of Supervisors	2022-05-21	Cninfo.com.cn
2022-037	Announcement on Fulfillment of Exercise Conditions for the Third Vesting Schedule of the Stock Option Incentive Plan for 2019	2022-05-21	Cninfo.com.cn
2022-038	Announcement on Adjusting the Exercise Price of the Stock Option Incentive Plan	2022-05-21	Cninfo.com.cn
2022-039	Announcement on Closing Some Investment Projects and Canceling Special Accounts	2022-05-21	Cninfo.com.cn
2022-040	Announcement on Providing Guarantees to imat-uve gmbh	2022-05-21	Cninfo.com.cn
2022-041	Announcement on Progress in Share Repurchase	2022-06-02	Cninfo.com.cn
2022-042	Indicative Announcement on Applying the Independent Exercise Model for the Third Vesting Schedule of the Stock Option Incentive Plan for 2019	2022-06-11	Cninfo.com.cn
2022-043	Announcement on Progress in Share Repurchase	2022-07-02	Cninfo.com.cn
2022-044	Semi-annual Performance Forecast for 2022	2022-07-14	Cninfo.com.cn
2022-045	Announcement on Issuing Performance Guarantees to Holding Subsidiaries	2022-07-26	Cninfo.com.cn

2022-046	Announcement of Resolution of the 26th Meeting of the 5th Board of Directors	2022-07-26	Cninfo.com.cn
2022-047	Announcement of Resolution of the 24th Meeting of the 5th Board of Supervisors	2022-07-26	Cninfo.com.cn
2022-048	Announcement on Progress in Capital Increase and Share Expansion of Subsidiaries and Connected Transactions	2022-08-02	Cninfo.com.cn
2022-049	Announcement on Progress in Share Repurchase	2022-08-02	Cninfo.com.cn
2022-050	Announcement on First Repurchase of the Company's Shares	2022-08-03	Cninfo.com.cn
2022-051	Announcement on Departure of Independent Director upon Expiration of Term of Office	2022-08-12	Cninfo.com.cn
2022-052	Indicative Announcement on Disclosure of Semi-annual Report for 2022	2022-08-25	Cninfo.com.cn
2022-053	Semi-annual Report Summary for 2022	2022-08-25	Cninfo.com.cn
2022-054	Announcement of Resolution of the Board of Directors	2022-08-25	Cninfo.com.cn
2022-055	Announcement of Resolution of the Board of Supervisors	2022-08-25	Cninfo.com.cn
2022-056	Announcement on Adjusting Upper Price Limit of Share Repurchase after Equity Distribution in 2021	2022-09-02	Cninfo.com.cn
2022-057	Announcement on Progress in Share Repurchase	2022-09-02	Cninfo.com.cn
2022-058	Announcement on Election of Independent Director	2022-09-06	Cninfo.com.cn
2022-059	Announcement on Amending Work Rules of the Strategy and M&A Committee of the Board of Directors	2022-09-06	Cninfo.com.cn
2022-060	Announcement on Electing Chairman of Strategy and M&A Committee of the 5th Board of Directors of the Company	2022-09-06	Cninfo.com.cn
2022-061	Announcement on Amending the Articles of Association	2022-09-06	Cninfo.com.cn
2022-062	Notice on Convening the 1st Extraordinary Shareholders' General Meeting in 2022	2022-09-06	Cninfo.com.cn
2022-063	Announcement of the Resolution of the 28th Meeting of the 5th Board of Directors	2022-09-06	Cninfo.com.cn
2022-064	Announcement of the Resolution of the 26th Meeting of the 5th Board of Directors	2022-09-06	Cninfo.com.cn
2022-065	Statement of Independent Director Nominees	2022-09-06	Cninfo.com.cn
2022-066	Announcement of the Resolution of 1st Extraordinary Shareholders' General Meeting in 2022	2022-09-22	Cninfo.com.cn
2022-067	Announcement on Progress in Share Repurchase	2022-10-10	Cninfo.com.cn
2022-068	Announcement on Obtaining Independent Director Qualification Certificate by Independent Director	2022-10-12	Cninfo.com.cn
2022-069	Performance Forecast for the First Three Quarters of 2022	2022-10-15	Cninfo.com.cn
2022-070	Report for Q3 2022	2022-10-26	Cninfo.com.cn
2022-071	Announcement on Progress in Share Repurchase	2022-11-02	Cninfo.com.cn
2022-072	Announcement on Proposed Acquisition of 100% Equity of and Capital Increase in VESP Technology (Hefei) Co., Ltd. and Connected Transactions	2022-11-09	Cninfo.com.cn
2022-073	Announcement of the Resolution of the 30th Meeting of the 5th Board of Directors	2022-11-09	Cninfo.com.cn
2022-074	Announcement on the Resolution of the 28th Meeting of the 5th Board of Supervisors	2022-11-09	Cninfo.com.cn
2022-075	Announcement on the Extension of the Second Employee Stock Ownership Plan	2022-11-09	Cninfo.com.cn
2022-076	Announcement on Progress in Acquisition of 100% Equity of and Capital Increase in VESP Technology (Hefei) Co., Ltd. and Connected Transactions	2022-11-17	Cninfo.com.cn
2022-077	Announcement on Progress in Share Repurchase	2022-12-02	Cninfo.com.cn
2022-078	Announcement of the Resolution of the 31st Meeting of the 5th Board of Directors	2022-12-15	Cninfo.com.cn

2022-079	Announcement of the Resolution of the 29th Meeting of the 5th Board of Supervisors	2022-12-15	Cninfo.com.cn
2022-080	Statement of Independent Director Nominee (Zeng Fanli)	2022-12-15	Cninfo.com.cn
2022-081	Statement of Independent Director Nominee (Cheng Haijin)	2022-12-15	Cninfo.com.cn
2022-082	Statement of Independent Director Nominee (Liu Zhiqian)	2022-12-15	Cninfo.com.cn
2022-083	Announcement on the Election of Employees 'Representative as Member of the Sixth Board of Supervisors	2022-12-15	Cninfo.com.cn
2022-084	Notice on Convening the 2nd Extraordinary Shareholders' General Meeting in 2022	2022-12-15	Cninfo.com.cn
2022-085	Announcement on Completion of Industrial and Commercial Registration of Changes as a Result of Capital Increase and Share Expansion of Subsidiaries and Connected Transactions	2022-12-20	Cninfo.com.cn
2022-086	Correction and Indicative Announcement on Convening the 2nd Extraordinary Shareholders' General Meeting in 2022	2022-12-29	Cninfo.com.cn
2022-087	Announcement on Progress in Use of Idle Self-owned Funds for Entrusted Wealth Management	2022-12-31	Cninfo.com.cn
2022-088	Announcement on Closing All Investment Projects and Canceling Special Accounts for Raised Funds	2022-12-31	Cninfo.com.cn
2022-089	Announcement on Completion of Industrial and Commercial Registration of Changes as a Result of Acquisition of 100% Equity of and Capital Increase in VESP Technology (Hefei) Co., Ltd. and Connected Transactions	2022-12-31	Cninfo.com.cn
2022-090	Announcement on the Completion of General Election of the Board of Directors and the Board of Supervisors and the Resignation of Some Directors and Supervisors	2022-12-31	Cninfo.com.cn
2022-091	Announcement of the Resolution of 2nd Extraordinary Shareholders' General Meeting in 2022	2022-12-31	Cninfo.com.cn

XVII. Material matters of the Company's subsidiaries

Applicable Not Applicable

1. At the 28th Meeting of the Strategy and M&A Committee of the 5th Board of Directors on March 7, 2022, the Proposal on Paying Registered Capital to Shenzhen CTI Laboratory Technology Service Co., Ltd. was deliberated and approved. The Company plans to contribute a paid-in registered capital of RMB 7 million to Shenzhen CTI Laboratory Technology Service Co., Ltd. (hereinafter referred to as "Laboratory Technical Service Company"), and the source of funds is the undistributed profits of the Laboratory Technical Service Company. After the contribution is completed, the paid-in registered capital of the Laboratory Technical Service Company will be changed from RMB 3 million to RMB 10 million, with shareholders' shareholding ratio remaining the same.

2. At the 28th Meeting of the Strategy and M&A Committee of the 5th Board of Directors on March 7, 2022, the Proposal on Investing in the Establishment of a Cell Testing Joint Venture was deliberated and approved. The Company's wholly-owned subsidiary Shanghai CTI Pinchuang Medical Testing Co., Ltd. (hereinafter referred to as "Shanghai CTI Pinchuang") and its partner Li Lijia plans for a joint investment in the establishment of Guangzhou CTI Pinjian Biotechnology Co., Ltd. with a registered capital of RMB 8 million, of which Shanghai CTI Pinchuang contributes RMB 6.4 million, accounting for 80% of the total share capital of the joint venture and the partner Li Lijia invests RMB 1.6 million, accounting for 20% of the total share capital of the joint venture.

3. At the 29th Meeting of the Strategy and M&A Committee of the 5th Board of Directors on March 31, 2022, the Proposal on Shareholders' Patent-priced Capital Injection into Chengdu Xijiao CTI Rail Transit Technology Co., Ltd. was deliberated and approved. Chengdu Xijiao CTI Rail Transit Technology Services Co., Ltd. plans to contribute its patent "A Drop Hammer Testing Device and Monitoring System for Rail Fastening Component Assembly" to Chengdu Xijiao CTI Rail Transit Technology Co., Ltd. (hereinafter referred to as "Xijiao CTI") in exchange for a valuation of RMB 1.4 million. After the contribution is completed, the paid-in registered capital of Xijiao CTI will be RMB 7 million, with shareholders' shareholding ratio remaining the same.
4. At the 31st Meeting of the Strategy and M&A Committee of the 5th Board of Directors on May 16, 2022, the Proposal on Adding Capital to a Wholly-owned Subsidiary was deliberated and approved. The Company plans to pay RMB 10 million of its own funds to its wholly-owned subsidiary Nanfang Pinbiao CTI Testing (Shenzhen) Co., Ltd. (hereafter referred to as "Nanfang Pinbiao"). Nanfang Pibiao will use the funds to add paid-in capital to its subsidiary Centre Testing International (Tibet) Co., Ltd. Upon such contribution, the registered capital of Nanfang Pinbiao will increase from RMB 222 million to RMB 232 million.
5. At the 32nd Meeting of the Strategy and M&A Committee of the 5th Board of Directors on June 17, 2022, the Proposal on Canceling Henan CTI Quantong Engineering Testing Co., Ltd. was deliberated and approved. Due to the fact that the local market demand falls short of expectations, Henan CTI Quantong Engineering Testing Co., Ltd. (hereinafter referred to as "CTI Quantong") has a small business volume. After careful consideration, it is decided to cancel CTI Quantong.
6. At the 32nd Meeting of the Strategy and M&A Committee of the 5th Board of Directors on June 17, 2022, the Proposal on Adding Capital to a Wholly-owned Subsidiary was deliberated and approved. The Company plans to inject capital into Hebei CTI Junrui Testing Technology (hereinafter referred to as "CTI Junrui"), increasing the registered capital of CTI Junrui from RMB 3 million to RMB 10 million (subscription), with shareholders' shareholding ratio remaining the same.
7. At the 33rd Meeting of the Strategy and M&A Committee of the 5th Board of Directors on June 27, 2022, the Proposal on Investing in the Establishment of a Joint Stock Company was deliberated and approved. The Company's wholly-owned sub-subsidiary CTI Biotechnology (Suzhou) Co., Ltd. (hereinafter referred to as "Suzhou Biotechnology") plans to invest in the establishment of a joint venture Company together with its partners. The registered capital of the joint venture is RMB 60 million, to which Suzhou Biotechnology contributes RMB 21 million, with a shareholding ratio of 35%, and the partners contributes RMB 39 million, with a shareholding ratio of 65%.
8. At the 33rd Meeting of the Strategy and M&A Committee of the 5th Board of Directors on June 27, 2022, the Proposal on Paying Registered Capital to Hebei CTI Junrui Testing Technology Co., Ltd. was deliberated and approved. The Company plans to pay RMB 2 million to Hebei CTI Junrui Testing Technology Co., Ltd. (hereinafter referred to as "CTI Junrui") as the latter's registered capital, which is used for the establishment of its Chengdu branch. After the contribution is completed, the paid-in

registered capital of CTI Junrui will increased from RMB 3 million to RMB 5 million, with shareholders' shareholding ratio remaining the same.

9. At the 34th Meeting of the Strategy and M&A Committee of the 5th Board of Directors on July 18, 2022, the Proposal on Paying Registered Capital to Kunming CTI Medical Laboratory Co., Ltd. was deliberated and approved. With a registered capital is RMB 5 million, Kunming CTI Medical Laboratory Co., Ltd. (hereinafter referred to as "Kunming CTI Medical") is 100% controlled by Shanghai CTI Pinchuang Medical Testing Co., Ltd., a wholly-owned subsidiary of Centre Testing International Group Co., Ltd. (hereinafter referred to as the "Company"). Up to now, the registered capital of RMB 3.25 million has been paid, and the remaining RMB 1.85 million has yet not. To develop the medical testing market in Kunming, Kunming CTI Medical has completed biosafety filing and applied for external quality assessment in Shanghai. For the normal operation of the laboratory, the Company decides to increase its paid-in registered capital by RMB 1.85 million.

10. At the 35th Meeting of the Strategy and M&A Committee of the 5th Board of Directors on July 26, 2022, the Proposal on Internal Transfer of Subsidiary Equity and Capital Increase in Subsidiary was deliberated and approved. Based on the net book value of long-term equity investments, the Company plans to inject capital into the wholly-owned subsidiary Beifang Pinbiao CTI (Beijing) Co., Ltd. (hereinafter referred to as "Beifang Pinbiao") with the 100% equity of the wholly-owned subsidiary Centre Testing International (Beijing) Co., Ltd. priced at RMB 50 million, the 100% equity of the wholly-owned subsidiary Centre Testing International Group (Shandong) Co., Ltd. (hereinafter referred to as "Shandong CTI") priced at RMB 50 million, and the 100% equity of the wholly-owned subsidiary Wuhan CTI Testing Technology Co., Ltd. (hereinafter referred to as "Wuhan CTI") priced at RMB 20 million.

11. At the 36th Meeting of the Strategy and M&A Committee of the 5th Board of Directors on September 13, 2022, the Proposal on Establishing a Wholly-owned Subsidiary was deliberated and approved. The Company plans to establish a wholly-owned subsidiary Sichuan CTI Testing Technology Co., Ltd. in Chengdu with a registered capital of RMB 100 million.

12. At the 37th Meeting of the Strategy and M&A Committee of the 5th Board of Directors on September 19, 2022, the Proposal on Acquiring Partial Equity of Minority Shareholders of Sichuan CTI Jianxin Testing Technology Co., Ltd. was deliberated and approved. The Company plans to purchase 5.25% of the equity of Sichuan CTI Jianxin held by Wang Lan and 6.75% of the equity of Sichuan CTI Jianxin held by Xiang Hao for RMB 5.76 million. After the completion of the equity transfer, the Company will hold 80% of the equity of Sichuan CTI Jianxin.

13. At the 38th Meeting of the Strategy and M&A Committee of the 5th Board of Directors on October 18, 2022, the Proposal on Investing in the Establishment of a Joint Venture was deliberated and approved. The Company's wholly-owned subsidiary Shenzhen CTI International Certification Co., Ltd. (hereinafter referred to as "CTI International Certification"), Zeng Zhaolong and the employee stock ownership platform plan to jointly establish CTI Data Certification and Testing (Shenzhen) Co., Ltd.

(hereinafter referred to as "CTI Data Certification") to offer data center testing and certification services. The registered capital of CTI Data Certification is RMB 10 million, to which CTI International Certification contributes RMB 5.1 million, with a shareholding ratio of 51%, Zeng Zhaolong contributes RMB 3.4 million, with a shareholding ratio of 34%, and the employee stock ownership platform contributes RMB 1.5 million, with a shareholding ratio of 15%.

14. At the 38th Meeting of the Strategy and M&A Committee of the 5th Board of Directors on October 18, 2022, the Proposal on Adding Capital to a Subsidiary and Acquiring Partial Equity of Shaanxi Huabang Testing Service Co., Ltd. was deliberated and approved. The Company plans to acquire 70% equity of Shaanxi Huabang Testing Service Co., Ltd. (hereinafter referred to as "Huabang Testing") with RMB 26.25 million in cash, and add a capital of RMB 26.25 million to its wholly-owned subsidiary Beifang Pinbiao CTI Testing (Beijing) Co., Ltd. (hereinafter referred to as "CTI Testing Beijing"). After the capital injection, the registered capital of CTI Testing Beijing will increase from RMB 206.31 million to RMB 232.56 million. CTI Testing Beijing will acquire 69.9127% of the equity of Huabang Testing with RMB 26.2173 million, and Shenzhen CTI Private Equity Fund Management Co., Ltd. (hereinafter referred to as "CTI Investment"), the Company's wholly-owned subsidiary, will indirectly hold a 0.0873% stake in Huabang Testing via the employee stock ownership platform. After the transaction is completed, the Company will hold a total of 70% of the equity of Huabang Testing.

15. At the 30th Meeting of the Strategy and M&A Committee of the 5th Board of Directors on November 8, 2022, the Proposal on Proposed Acquisition of 100% Equity of and Capital Increase in VESP Technology (Hefei) Co., Ltd. and Connected Transactions was deliberated and approved, agreeing that the Company acquires 100% equity of VESP Technology (Hefei) Co., Ltd. for RMB 160 million-180 million. On November 16, 2022, the Company, as the transferee, signed the Equity Transfer Agreement on VESP Technology (Hefei) Co., Ltd. (hereinafter referred to as the "transaction agreement") with all shareholders of VESP, determining that the Company acquires 100% equity of VESP for RMB 163 million (the final transaction price is subject to the exchange rate at the time of payment). Mr. Wan Jun holds 2.2577% equity of the target company. As one of the counterparties of the transaction, he is the brother of Mr. Wan Feng, the actual controller of the Company. According to the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, Mr. Wan Jun is deemed the Company's associated natural person. The amount of connected transaction involved in the acquisition is RMB 2.8045 million - within the scope of approval power of the Company's Board of Directors. For details, please refer to the Announcement on Proposed Acquisition of 100% Equity of and Capital Increase in VESP Technology (Hefei) Co., Ltd. and Connected Transactions, and the Announcement on Progress in Acquisition of 100% Equity of and Capital Increase in VESP Technology (Hefei) Co., Ltd. and Connected Transactions (Announcement No.: 2022-072, 2022-076) disclosed by the Company on November 9, 2022.

16. At the 39th Meeting of the Strategy and M&A Committee of the 5th Board of Directors on December 19, 2022, the Proposal on Acquiring 100% Equity of LGC Science (Nanjing) Co., Ltd. was deliberated and approved. The Company plans to acquire

100% equity of LGC Science (Nanjing) Co., Ltd. (hereinafter referred to as "LGC Nanjing" or the "target company") for RMB 9.3 million in cash. After the equity transfer is completed, the Company will hold 100% equity of LGC Nanjing.

Section VII Changes in Shares and Shareholders

I. Changes in shares

1. Changes in shares

Unit: share

	Before the change		Variance in the change (+, -)					After the change	
	NQty.	Percentage	Newly issued shares	Donate shares	Shares transferred from provident fund	Others	Subtotal	NQty.	Percentage
I. Restricted shares	156,664,188	9.36%				2,520,000	2,520,000	159,184,188	9.46%
1. State-owned shares									
2. State-owned shares held by legal persons									
3. Shares held by other domestic investors	156,664,188	9.36%				2,520,000	2,520,000	159,184,188	9.46%
Including: Shares held by domestic legal persons									
Shares held by domestic natural persons	156,664,188	9.36%				2,520,000	2,520,000	159,184,188	9.46%
4. Shares held by foreign investors									
Including: Shares held by foreign legal persons									
Shares held by foreign legal persons									
II. Unrestricted shares	1,516,424,026	90.64%				7,140,000	7,140,000	1,523,564,026	90.54%

1. RMB-denominated ordinary shares	1,516,424,026	90.64%				7,140,000	7,140,000	1,523,564,026	90.54%
2. Domestically listed foreign shares									
3. Overseas-listed foreign shares									
4. Others									
III. Total shares	1,673,088,214	100.00%				9,660,000	9,660,000	1,682,748,214	100.00%

Reasons for changes in shares

Applicable Not Applicable

1. According to the Stock Option Incentive Plan for 2018, the Company granted 20,650,000 stock options to 38 recipients, and the number of exercisable options in the third vesting schedule was 8,260,000, of which 7,860,000 had been exercised from January 1 to December 31, 2022.

2. According to the Stock Option Incentive Plan for 2019, the Company granted 4,700,000 stock options to 9 recipients, and the number of exercisable options in the third vesting schedule was 1,880,000, of which 1,800,000 had been exercised as of December 31, 2022.

Approval of changes in shares

Applicable Not Applicable

1. Stock Option Incentive Plan for 2018: On December 13, 2021, the Company held the 20th Meeting of the 5th Board of Directors, which deliberated and approved the Proposal on the Fulfillment of Exercise Conditions for the Third Vesting Schedule of the Stock Option Incentive Plan for 2018. 38 recipients were qualified for the exercise and a total of 8,260,000 stock options were exercisable.

2. Stock Option Incentive Plan for 2019: On May 20, 2022, the Company held the 25th Meeting of the 5th Board of Directors, which deliberated and approved the Proposal on the Fulfillment of Exercise Conditions for the Third Vesting Schedule of the Stock Option Incentive Plan for 2019. 9 recipients were qualified for the exercise and a total of 1,880,000 stock options were exercisable.

Transfer of changes in shares

Applicable Not Applicable

Influence of changes in shares on such financial indicators as the basic EPS and diluted EPS of the latest year and period, and the net asset value per share attributable to common shareholders of the Company

Applicable Not Applicable

Within the reporting period, the stock options granted by the Company's Equity Incentive Plan had all fulfilled exercise conditions and become exercisable, and the Company additionally issued 9,660,000 shares specifically to the entitled recipients. Based on the capital stock of 1,682,748,214 shares at the end of the reporting period, basic earnings per share were RMB 0.4458/share, diluted earnings per share were RMB 0.4457/share, and net assets per share attributable to shareholders of the listed company was RMB

2.6546/share in 2021. In 2022, basic earnings per share were RMB 0.5043/share, diluted earnings per share were RMB 0.5043/share and net assets per share attributable to shareholders of the listed company was RMB 3.2530/share.

Other content to be disclosed when the Company deems it as necessary or at the request of security regulatory organizations

Applicable Not Applicable

2. Changes in restricted shares

Applicable Not Applicable

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the reporting period	Number of restricted shares increased in the current period	Number of restricted shares relieved in the current period	Number of restricted shares at the end of the reporting period	Reason for restriction	Date of unlocking
Wan Feng	90,625,740			90,625,740	Directors, supervisors and senior executives shareholding lock-up	The date when his/her shares tradable and outstanding in each year during his/her term of office reach 25% of the total shares held by him/her at the end of the previous year
Richard Shentu	6,675,000	900,000		7,575,000	Directors, supervisors and senior executives shareholding lock-up, and equity incentive exercise lock-up	The date when his/her shares tradable and outstanding in each year during his/her term of office reach 25% of the total shares held by him/her at the end of the previous year
Chen Yan	2,004,327	300,000		2,304,327	Directors, supervisors and senior executives shareholding lock-up, and equity incentive exercise lock-up	The date when his/her shares tradable and outstanding in each year during his/her term of office reach 25% of the total shares held by him/her at the end of the previous year
Qian Feng	1,632,846	210,000		1,842,846	Directors, supervisors and senior executives shareholding lock-up, and equity incentive	The date when his/her shares tradable and outstanding in each year during his/her term of

					exercise lock-up	office reach 25% of the total shares held by him/her at the end of the previous year
Zhou Lu	561,000	150,000		711,000	Directors, supervisors and senior executives shareholding lock-up, and equity incentive exercise lock-up	The date when his/her shares tradable and outstanding in each year during his/her term of office reach 25% of the total shares held by him/her at the end of the previous year
Zeng Xiaohu	393,750	300,000		693,750	Directors, supervisors and senior executives shareholding lock-up, and equity incentive exercise lock-up	The date when his/her shares tradable and outstanding in each year during his/her term of office reach 25% of the total shares held by him/her at the end of the previous year
Xu Jiang	315,000	210,000		525,000	Directors, supervisors and senior executives shareholding lock-up, and equity incentive exercise lock-up	The date when his/her shares tradable and outstanding in each year during his/her term of office reach 25% of the total shares held by him/her at the end of the previous year
Wang Hao	225,000	150,000		375,000	Directors, supervisors and senior executives shareholding lock-up, and equity incentive exercise lock-up	The date when his/her shares tradable and outstanding in each year during his/her term of office reach 25% of the total shares held by him/her at the end of the previous year
Li Fengyong	399,900	300,000		699,900	Directors, supervisors and senior executives shareholding lock-up, and equity incentive exercise lock-up	The date when his/her shares tradable and outstanding in each year during his/her term of office reach 25% of the total shares held by him/her at

						the end of the previous year
Yu Cuiping	53,831,625	0		53,831,625	Shares acquired through a divorce should continue the commitment to the locking up of shares held by directors, supervisors and senior executives during the period when Mr. Wan Feng acts as director, supervisor or senior executive of the Company	The date when Mr. Wan Feng's shares tradable and outstanding in each year during his term of office reach 25% of the total shares held by him at the end of the previous year
Total	156,664,188	2,520,000	0	159,184,188	--	--

II. Securities issuing and listing

1. Securities (excluding preferred shares) issuance within the reporting period

Applicable Not Applicable

2. Notes on changes in the Company's total shares, shareholding structure, asset-liability structure

Applicable Not Applicable

3. Existing shares held by internal employees

Applicable Not Applicable

III. Shareholders and actual controllers

1. Number of shareholders of the Company and their shareholding

Unit: share

Total number of common shareholders at the end of the reporting period	33,652	Total number of common shareholders at the end of the last month before the date when the annual report is disclosed	35,212	Total number of preferred shareholders whose voting rights have been restored at the end of the reporting period (if any) (see Note 9)	0	Total number of preferred shareholders whose voting rights have been restored at the end of the last month before the date when the annual report is disclosed (if any) (see Note 9)	0	Total number of holders of voting shares (if any)	0
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Shareholding by those holding more than 5% of the total shares or the top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding ratio (%)	Number of shares at the end of the reporting period	Variance within the reporting period	Number of restricted shares held	Number of unrestricted shares held	Pledge, labeling or freezing	
							Status of shares	NQty.
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	14.54%	244,708,060.00			244,708,060.00	Pledged	0
Wan Yunxiang	Domestic natural person	7.76%	130,501,554.00			130,501,554.00	Pledged	0
Wan Feng	Domestic natural person	7.18%	120,834,320.00		90,625,740.00	30,208,580.00	Pledged	0
Yu Cuiping	Domestic natural person	4.09%	68,775,500.00		53,831,625.00	14,943,875.00	Pledged	0
Aberdeen Standard Investments (Asia) Co., Ltd. - Aberdeen Standard - China A-share Equity Fund	Overseas legal person	2.17%	36,479,650.00			36,479,650.00	Pledged	0
National Social Security Fund Portfolio 406	Others	2.06%	34,705,692.00			34,705,692.00	Pledged	0
Agricultural Bank of China Ltd. - Jiashi Emerging Equity Security Investment Fund	Others	1.91%	32,142,764.00			32,142,764.00	Pledged	0
National Social Security Fund Portfolio 115	Others	1.74%	29,200,000.00			29,200,000.00	Pledged	0
Agricultural Bank of China Ltd. - Jiashi Leading and Growth Hybrid Security Investment	Others	1.62%	27,287,547.00			27,287,547.00	Pledged	0

Fund								
The Hongkong and Shanghai Banking Corporation Limited	Others	1.44%	24,247,050.00			24,247,050.00	Pledged	0
Strategic investor or general legal person who becomes one of the top 10 shareholders due to rights issue (if any) (see Note 4)	Not applicable							
Notes on the associated relationship or acting-in-concert relationship of the above shareholders	Mr. Wan Yunxiang is the son of Mr. Wan Feng; Wan Feng and Wan Yunxiang are persons acting in concert; Mr. Wan Feng is the actual controller of the Company. Ms. Yu Cuiping is Mr. Wan Feng's ex-wife, and she voluntarily and gratuitously authorizes Mr. Wan Feng to exercise the voting rights attached to the shares obtained by her through divorce. The Company has no knowledge of whether other shareholders are related parties or parties acting in concert.							
Statements of the above shareholders on entrustment of voting rights and abstention from voting rights	Not applicable							
Special notes on the existence of a special repurchase account among the top 10 shareholders (if any) (see Note 10)	Not applicable							
Shareholding by the top 10 holders of unrestricted shares								
Name of shareholder	Number of unrestricted shares held at the end of the reporting period	Classification						
		Classification	NQty.					
Hong Kong Securities Clearing Company Ltd.	244,708,060.00	RMB-denominated shares	ordinary	244,708,060.00				
Wan Yunxiang	130,501,554.00	RMB-denominated shares	ordinary	130,501,554.00				
Aberdeen Standard Investments (Asia) Co., Ltd. - Aberdeen Standard - China A-share Equity Fund	36,479,650.00	RMB-denominated shares	ordinary	36,479,650.00				
National Social Security Fund Portfolio 406	34,705,692.00	RMB-denominated shares	ordinary	34,705,692.00				
Agricultural Bank of China Ltd. - Jiashi Emerging Equity Security Investment Fund	32,142,764.00	RMB-denominated shares	ordinary	32,142,764.00				
Wan Feng	30,208,580.00	RMB-denominated shares	ordinary	30,208,580.00				
National Social Security Fund Portfolio 115	29,200,000.00	RMB-denominated shares	ordinary	29,200,000.00				
Agricultural Bank of China Ltd. - Jiashi Leading and Growth Hybrid Security Investment Fund	27,287,547.00	RMB-denominated shares	ordinary	27,287,547.00				
The Hongkong and Shanghai Banking Corporation Limited	24,247,050.00	RMB-denominated shares	ordinary	24,247,050.00				
China Merchants Bank Co.,	23,335,980.00	RMB-denominated shares	ordinary	23,335,980.00				

Ltd. –Jiashi Yuanjian Selected Two Year Holding Period Hybrid Security Investment Fund		shares	
Notes on associated relationships or persons acting in concert among the top 10 shareholders of unrestricted outstanding shares and between the top 10 shareholders of unrestricted outstanding shares and the top 10 shareholders	Mr. Wan Yunxiang is the son of Mr. Wan Feng; Wan Feng and Wan Yunxiang are persons acting in concert; Mr. Wan Feng is the actual controller of the Company. The Company has no knowledge of whether other shareholders are related parties or parties acting in concert.		
Notes on shareholders participating in securities margin trading (if any) (see Note 5)	N/A.		

There are differential voting rights at the Company

Applicable Not Applicable

Any of the top 10 common shareholders or the top 10 holders of unrestricted shares of the Company was engaged in promissory repurchase transaction during the reporting period

Yes No

None of the top 10 common shareholders or the top 10 holders of unrestricted shares of the Company was engaged in promissory repurchase transaction during the reporting period.

2. Controlling shareholders of the Company

Nature of controlling shareholder: natural person holding

Type of controlling shareholder: natural person

Name of controlling shareholder	Nationality	Whether he/she has any right of residence in other countries or regions
Wan Feng	Chinese	No
Wan Yunxiang	Chinese	No
Primary occupation and title	Mr. Wan Feng participated in the establishment of CTI in 2003 and became Chairman of the Company in August 2007; he was re-appointed in August 2010, August 2013, August 2016, December 2019 and January 2023. Mr. Wan Yunxiang is the son of Mr. Wan Feng; Mr. Wan Feng and Mr. Wan Yunxiang are persons acting in concert.	
Other domestic or foreign listed companies that he/she controls via shareholding and holds equity in during the reporting period	N/A.	

Change of controlling shareholders in the reporting period

Applicable Not Applicable

There was no change of controlling shareholders of the Company during the reporting period.

3. Actual controllers and persons acting in concert of the Company

Nature of controlling shareholder: natural person

Type of controlling shareholder: natural person

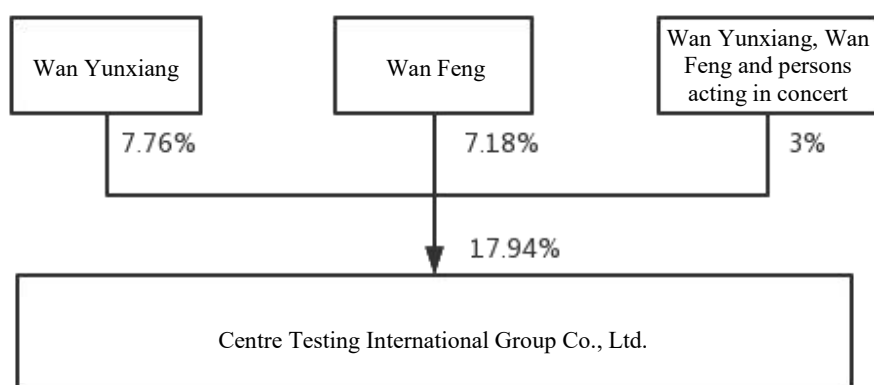
Name of controlling shareholder	Relationship with controlling shareholder	Nationality	Whether he/she has any right of residence in other countries or regions
Wan Feng	Himself	Chinese	No
Primary occupation and title	Mr. Wan Feng participated in the establishment of CTI in 2003 and became Chairman of the Company in August 2007; he was re-appointed in August 2010, August 2013, August 2016 and December 2019.		
Domestic or foreign listed companies that he/she controls via shareholding in the past 10 years	N/A.		

Change of actual controllers within the reporting period

Applicable Not Applicable

There was no change of actual controllers of the Company during the reporting period.

Block Diagram of Property Right and Control Relationship between the Company and Actual Controllers



1. During the reporting period, Mr. Wan Yunxiang transferred 44,272,510 shares through a block trade to asset management programs/private equity fund products in which Mr. Wan Yunxiang or Mr. Wan Feng, the person acting in concert, individually or jointly holds 100% of shares. Mr. Wan Yunxiang has signed an agreement on persons acting in concert with Mr. Wan Feng and the above asset management programs/private equity fund products.

2. Ms. Yu Cuiping has voluntarily and gratuitously authorized Mr. Wan Feng to exercise the 4.09% voting rights attached to the 68,775,500 shares obtained by her through divorce, so the Company's controlling shareholders, actual controller and persons acting in concert have 22.03% voting rights in total.

Actual controllers control the Company by means of trust or other asset management methods

Applicable Not Applicable

4. The accumulative number of pledged shares held by the Company's controlling shareholder or largest shareholder and his/her person acting in concert accounts for 80% of the Company's shares held by him/her

Applicable Not Applicable

5. Other institutional shareholders holding more than 10% of shares

Applicable Not Applicable

6. Share restriction and reduction of controlling shareholders, actual controllers, reorganizers and other commitment entities

Applicable Not Applicable

IV. Details on share repurchase in the reporting period

Share repurchase and its progress

Applicable Not Applicable

Date of plan disclosure	Number of shares to be repurchased	As a percentage of total equity	Amount to be repurchased (in RMB 10,000)	Proposed repurchase period	Repurchase use	Number of shares repurchased	Number of shares repurchased as a percentage of the underlying shares involved in the equity incentive plan (if any)
March 15, 2022	3,000,000-5,000,000	0.18%-0.30%	7,500-12,500	March 14, 2022 –March 14, 2023	Equity incentive plan or employee stock ownership plan	1,772,300	0.11%

Note: As of March 2023, the Company had repurchased a total of 3,000,000 shares in the form of centralized competitive trading through a special securities account for repurchase, accounting for 0.18% of the Company's current total share capital, which has reached the lower limit of the repurchase quantity specified in the repurchase plan. The Company's share repurchase plan has thus been implemented.

Reduction of repurchased shares by means of centralized competitive trading and its progress

Applicable Not Applicable

Section VIII Preferred Shares

Applicable Not Applicable

The Company had no preferred shares in the reporting period.

Section IX Bonds

Applicable Not Applicable

Section X Financial Report

I. Audit Report

Type of audit opinions	Standard unqualified opinion
Date of signing the audit report	April 21, 2023
Name of audit authority	Da Hua Certified Public Accountants (Special General Partnership)
Reference number of audit report	DHSZ [2023] No. 003655
Name of Certified Public Accountant	Zhou Junxiang and Lv Hongtao

Text of Audit Report

DHSZ [2023] No. 003655

To all shareholders of Centre Testing International Group Co., Ltd.,

I. Audit opinions

We have audited the financial statements of Centre Testing International Group Co., Ltd. (hereinafter referred to as CTI), including the consolidated and parent company's Balance Sheet as of December 31, 2022, the consolidated and parent company's Income Statement, the consolidated and parent company's Cash Flow Statement, the consolidated and parent company's Statement of Changes in Shareholders' Equity and relevant Notes to Financial Statements for 2022.

In our opinion, the attached financial statements are prepared in accordance with the Accounting Standards for Business Enterprises in all material aspects, and fairly reflect CTI's consolidated and the parent company's financial positions as of December 31, 2022, as well as the consolidated and the parent company's business results and cash flows in 2022.

II. Basis for audit opinions

We performed the audit in accordance with provisions of the Auditing Standards for Certified Public Accountants of China. The section "Responsibilities of certified public accountants for audit of financial statements" further provides for our responsibilities under these accounting standards. In accordance with the Code of Ethics for Certified Public Accountants of China, we are independent of CTI and have fulfilled other responsibilities in professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Critical audit matters

Critical audit matters are matters we consider the most important to the audit of the current financial statement according to our professional judgment. These matters shall be dealt with based on the audit of the financial statements as a whole and formation of audit opinions. We will not comment on these matters alone.

We identified the following as critical audit matters that need to be communicated in the audit report.

1. Revenue recognition

2. Goodwill impairment

(I) Revenue recognition

1. Description of matters

As mentioned in Note III Key Accounting Policies, Accounting Estimates (XXXV) "Income" and Note V, Comment 41 "Operating income and operating cost". CTI's main business is under the category of testing. Features of this industry decide that the testing industry is a fragmented market with highly distributed customers and high traffic of business. Considering the fact that the income of this period increases significantly from the previous period and there is the inherent risk of manipulating income recognition time points for the Management to achieve specific objectives or satisfy their expectations, we identified CTI's income as a key audit matter.

2. Audit responses

We implemented the following key auditing procedures for revenue recognition:

We understood the key internal controls related to revenue recognition, evaluated the design of these controls, determined whether they were implemented, and tested the operating effectiveness of relevant internal controls;

(1) We determined whether there were significant changes in marketing business processes and revenue recognition rules from the past years;

(2) Existence test: We obtained marketing details and selected samples from these details to check materials from contracts to orders, case-opening details, testing reports, invoices, collection orders, settlement orders, completion orders, etc.;

(3) Completion test: We took samples from production line income accounts to examine materials from contracts to orders, case-opening details, testing reports, invoices, collection orders, settlement orders, completion orders, accounting records, etc.;

(4) We verified (by letter) accounts receivable and income amounts of main customers for the reporting period and found out the cause of the nonconformance in replying letters. We also conducted substitution tests for customers not replying to our requests.

Attention was paid to subsequent debt recovery;

(5) We compared income amounts of production lines of the current period with those of the previous period and analyzed the rationality of significant increase in income for main production lines witnessing income increase during this period;

(6) We conducted income cutoff tests to check if there was any cross-period income;

(7) We conducted background investigations on main customers of the current period and checked if they were Related Parties;

(8) We compared and analyzed marketing fluctuations in months to check whether there was any anomaly. We analyzed fluctuation in gross margin and compared the result with those of listed companies in the same industry.

Based on the audit performed, we believe that the presentation and disclosure of revenue recognition by the Management of CTI is appropriate.

(II) Goodwill impairment

1. Description of matters

As mentioned in Note III Key Accounting Policies, Accounting Estimates (XXVII) "Long-term asset impairment" and Note V, Comment 17 "Goodwill". Considering that goodwill is important to consolidated financial statements and major judgments and estimates by the Management are usually involved when determining whether to make provisions for impairment, especially in terms of forecasting future cash flows, including the key assumptions made to predict incomes, long-term average growth rate and profit margin and to determine a proper discount rate which are inherently uncertain and may be biased by preferences of the Management. Therefore, we identified goodwill impairment in evaluating consolidated financial statements as a key audit matter.

2. Audit responses

We implemented the following key auditing procedures against the goodwill impairment:

- (1) We understood, evaluated and tested internal controls related to goodwill of CTI;
- (2) Based on our understanding of CTI's businesses and rules of Accounting Standards for Business Enterprises, we reviewed the identification of assets and asset groups by the Management and the way of allocating goodwill to each asset group;
- (3) We evaluated competence of valuation experts and, based on work achievements of valuation experts and according to requirements of Accounting Standards for Business Enterprises, discussed with the experts about the method and assumptions to be adopted to estimate the current value of future cash flows;
- (4) We compared key parameters, including estimated income, long-term average growth rate and profit rate with historical performance, financial budgets approved by Board of Directors, near-term business opportunity reports, industry study reports and industry statistics to review the assumptions adopted for and key judgments concluded by the Management in the present value of cash flow in the future;
- (5) We re-calculated the discount rate based on market data of comparable companies in the same industry and compared our calculations with the discount rate adopted by the Management to calculate and estimate the present value of future cash flows, so as to review the discount rate adopted to estimate the present value of future cash flows;
- (6) We conducted sensitivity analysis on key assumptions including estimated income and discount rate adopted to evaluate the impact of changes in key assumptions on results of impairment evaluation and to consider whether there are signs of preferences of the Management in selecting key assumptions

Based on the audit performed, we believe that the presentation and disclosure of goodwill impairment by the Management of CTI is appropriate.

IV. Other information

The Management of CTI is responsible for other information. Other information includes those covered by Annual Report 2022 but excludes financial statements and our audit report.

Our audit opinions on the financial statements do not cover other information, nor do we issue any form of authentication conclusion 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 that we have already done, if we determine that other information contains a material misstatement, we are obliged to report truthfully. We have nothing to report in this regard.

V. Responsibility of the Management and the Governance for financial statements

The Management of CTI is responsible for preparing the financial statements in accordance with the Accounting Standards for Business Enterprises to achieve a fair response and designing, implementing and maintaining the necessary internal controls so that the financial statements are free from material misstatement due to fraud or error.

In the preparation of the financial statements, the Management of CTI is responsible for evaluating CTI's continuous operation capacity on a going concern, disclosing matters related to operation on a going concern (if applicable), and applying the going-concern assumption, unless the Management intends to carry out the liquidation of CTI, termination of operations, or there are no other realistic options.

The Governance is responsible for supervising CTI's financial report process.

VI. Responsibilities of certified public accountants for audit of financial statements

Our goal is to obtain reasonable assurance as to whether there is no material misstatement in the Financial Statements as a whole due to fraud or error, and to issue an audit report containing audit opinions. Reasonable assurance is of a high level, but it is not a guarantee that an audit conducted in accordance with Auditing Standards is always able to detect a material misstatement when it exists. Misstatements may be caused by fraud or error, and are often considered significant if it is reasonably anticipated that the misstatements alone or in aggregate may affect the economic decisions made by users of the Financial Statements on the basis of the Financial Statements.

In the process of audit performed in accordance with Auditing Standards, we have applied the professional judgments and maintained the professional skepticism. Meanwhile, we also executed the following work:

1. Identify and assess risks of material misstatement of financial statements due to frauds or errors, design and implement audit procedures to address these risks, and obtain adequate and appropriate audit evidence as a basis for expressing audit opinion. Since

fraud may involve collusion, forgery, deliberate omission, misrepresentation or overstepping internal control, the risk of failing to find material misstatements due to fraud is higher than the risk of failing to find material misstatements due to error.

2. Understand audit-related internal controls to design appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of internal controls.

3. Assess the appropriateness of the accounting policies selected and the reasonableness of the accounting estimates and relevant disclosures made by the Management.

4. Draw conclusion on the appropriateness of going-concern assumption used by the Management. In addition, based on the audit evidence we obtained, we could draw conclusions on whether there is substantial uncertainty in the matters or conditions that probably result in the significant doubt toward the going-concern operating ability of CTI. If we conclude that a material uncertainty exists, we then are required by the auditing standards to remind the users of the Report in the Audit Report to pay attention to relevant information disclosures in the Financial Statements; and if the disclosure is inadequate, we shall give non-qualified opinions. Our conclusion is made as per the information available as of the audit report date. However, future events or circumstances may cause CTI to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and contents of the financial statements, and whether the financial statements fairly reflect relevant transactions and matters.

6. Obtain sufficient and appropriate audit evidence for the financial information in the entity or business activities of CTI to make an audit opinion on the financial statements. We are responsible for guiding, supervising and implementing the group audit, and take full responsibility for the audit opinions.

We communicate with the Governance on the planned audit scope, timing and major audit findings, including the noteworthy deficiencies in internal control identified by us in audit.

We also provide a statement to the Governance that we have complied with the professional ethics requirements related to our independence, and communicate with the Governance all relationships and other matters that may reasonably be considered to affect our independence as well as relevant preventive measures (if applicable).

From the matters on which we communicate with the Governance, we determine which matters are the most important for the audit of the financial statements for the current period and thus constitute the Key Audit Events. We describe these matters in our Audit Report, and unless laws and regulations prohibit the public disclosure of these matters or in rare cases, if it is reasonably expected that the negative consequence of communicating certain matters in the Audit Report will outweigh the benefits in the public interest, we determine that such matters shall not be communicated in the Audit Report.

II. Financial statements

The financial statement notes are represented in RMB.

1. Consolidated Balance Sheet

Prepared by: Centre Testing International Group Co., Ltd.

December 31, 2022

Unit: RMB

Item	December 31, 2022	January 1, 2022
Current assets:		
Monetary fund	1,601,569,785.65	1,163,194,111.62
Deposit reservation for balance		
Lendings to banks and other financial institutions		
Financial assets held for trading		420,840,936.13
Derivative financial assets		
Notes receivable	22,613,299.82	9,895,893.18
Accounts receivable	1,388,835,385.86	1,023,426,752.28
Accounts receivable financing		
Advance payment	29,570,359.00	28,128,409.28
Premium receivable		
Receivables from reinsurers		
Reinsurance contract reserves receivable		
Other receivables	63,964,192.90	68,365,728.59
Including: Interest receivable		
Dividends receivable		609,662.48
Redemptory monetary capital for sale		
Inventories	97,332,127.76	55,375,076.19
Contract assets	143,800,353.61	137,821,410.86
Held-for-sale assets		
Non-current assets maturing within one year		
Other current assets	539,749,340.16	78,345,545.84
Total current assets	3,887,434,844.76	2,985,393,863.97
Non-current assets:		
Loans and advances		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	244,148,400.10	215,608,164.88
Investment in other equity instruments		

Other non-current financial assets	41,285,037.12	36,143,800.18
Investment real estate	31,827,881.29	33,059,123.19
Fixed assets	1,725,607,152.39	1,456,976,877.26
Construction in progress	468,579,870.53	360,955,910.73
Productive biological assets		
Oil and gas assets		
Right-of-use assets	307,081,157.36	292,243,323.44
Intangible assets	144,066,739.00	145,770,224.97
Development expenditure		
Goodwill	613,319,550.86	589,129,815.32
Long-term deferred expenses	119,230,719.03	141,384,122.52
Deferred income tax assets	78,525,296.89	56,945,878.11
Other non-current assets	118,683,409.26	162,544,019.22
Total non-current assets	3,892,355,213.83	3,490,761,259.82
Total assets	7,779,790,058.59	6,476,155,123.79
Current liabilities:		
Short-term borrowings	2,002,750.00	4,746,245.60
Borrowings from the Central Bank		
Borrowings from banks and other financial institutions		
Financial liabilities held for trading	1,900,000.00	9,138,508.21
Derivative financial liabilities		
Notes payable	50,119.58	50,759.14
Accounts payable	748,532,167.58	553,613,454.02
Advance receipts		
Contract liabilities	128,957,989.41	118,246,096.02
Financial assets sold for repurchase		
Deposits from customers and interbank		
Receivings from vicariously traded securities		
Receivings from vicariously sold securities		
Payroll payable	459,870,531.99	431,552,961.25
Taxes payable	85,664,461.04	72,389,794.42
Other payables	151,745,563.51	166,640,692.41
Including: Interest payable		
Dividends payable	31,042.91	1,631,042.91
Handling charges and commissions payable		
Dividend payable for reinsurance		
Held-for-sale liabilities		
Non-current liabilities maturing within one year	125,627,725.81	135,344,400.68
Other current liabilities	2,252,644.71	1,659,984.93

Total current liabilities	1,706,603,953.63	1,493,382,896.68
Non-current liabilities:		
Reserves for insurance contracts		
Long-term borrowings	4,106,411.82	42,867,074.36
Bonds payable		
Including: Preferred shares		
Perpetual bond		
Lease liabilities	229,367,377.28	217,206,715.05
Long-term payables		
Long-term payroll payable		
Estimated liabilities	3,946,190.57	3,427,693.58
Deferred income	88,680,807.23	96,094,683.99
Deferred tax liabilities	74,822,021.54	65,580,877.68
Other non-current liabilities		
Total non-current liabilities	400,922,808.44	425,177,044.66
Total liabilities	2,107,526,762.07	1,918,559,941.34
Owner's equity:		
Capital stock	1,682,748,214.00	1,673,088,214.00
Other equity instruments		
Including: Preferred shares		
Perpetual bond		
Capital reserve	427,520,263.71	186,693,947.13
Less: Treasury shares	35,491,855.22	
Other comprehensive income	15,144,072.85	15,278,945.79
Special reserves		
Surplus reserve	274,202,045.17	220,139,991.86
General risk reserve		
Undistributed profit	3,109,941,135.25	2,362,107,773.22
Total owner's equity attributable to the parent company	5,474,063,875.76	4,457,308,872.00
Minority equity	198,199,420.76	100,286,310.45
Total owner's equity	5,672,263,296.52	4,557,595,182.45
Total liabilities and owner's equity	7,779,790,058.59	6,476,155,123.79

Legal representative: Wan Feng
accounting organization: Li Yanhong

Person in charge of accounting: Wang Hao

Person in charge of

2. Balance Sheet of the Parent Company

Unit: RMB

Item	December 31, 2022	January 1, 2022
Current assets:		
Monetary fund	855,244,984.03	622,817,496.86
Financial assets held for trading		420,840,936.13
Derivative financial assets		
Notes receivable	110,814.16	2,754,225.90
Accounts receivable	301,610,576.92	220,889,219.52
Accounts receivable financing		

Advance payment	1,380,233.76	3,498,077.68
Other receivables	412,659,924.67	234,162,083.14
Including: Interest receivable		
Dividends receivable	101,727,225.88	7,635,067.11
Inventories	2,045,480.23	2,274,741.54
Contract assets	23,925,031.87	17,572,971.62
Held-for-sale assets		
Non-current assets maturing within one year		
Other current assets	469,101,806.30	16,731,852.22
Total current assets	2,066,078,851.94	1,541,541,604.61
Non-current assets:		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	2,941,664,845.19	2,812,716,523.76
Investment in other equity instruments		
Other non-current financial assets	21,499,000.00	17,294,000.00
Investment real estate	50,566,178.30	52,051,362.49
Fixed assets	233,846,358.26	241,776,812.46
Construction in progress	3,910,523.91	2,406,269.10
Productive biological assets		
Oil and gas assets		
Right-of-use assets	55,114,150.69	61,141,204.38
Intangible assets	23,204,244.08	23,183,518.26
Development expenditure		
Goodwill		
Long-term deferred expenses	7,142,670.66	10,285,343.16
Deferred income tax assets	6,912,809.19	14,328,510.60
Other non-current assets	7,669,995.42	4,115,280.00
Total non-current assets	3,351,530,775.70	3,239,298,824.21
Total assets	5,417,609,627.64	4,780,840,428.82
Current liabilities:		
Short-term borrowings		
Financial liabilities held for trading	1,900,000.00	
Derivative financial liabilities		
Notes payable		
Accounts payable	129,056,514.65	119,568,075.00
Advance receipts		
Contract liabilities	22,213,446.36	18,163,058.85
Payroll payable	100,485,384.65	92,217,289.62
Taxes payable	4,043,378.60	3,605,972.29
Other payables	1,063,343,839.08	936,251,914.21

Including: Interest payable		
Dividends payable	31,042.91	31,042.91
Held-for-sale liabilities		
Non-current liabilities maturing within one year	16,377,670.67	14,081,961.32
Other current liabilities	444,760.10	381,813.16
Total current liabilities	1,337,864,994.11	1,184,270,084.45
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bond		
Lease liabilities	42,192,359.07	49,473,165.41
Long-term payables		
Long-term payroll payable		
Estimated liabilities		4,609.31
Deferred income	23,393,718.62	25,275,125.65
Deferred tax liabilities	13,043,237.64	11,215,994.76
Other non-current liabilities		
Total non-current liabilities	78,629,315.33	85,968,895.13
Total liabilities	1,416,494,309.44	1,270,238,979.58
Owner's equity:		
Capital stock	1,682,748,214.00	1,673,088,214.00
Other equity instruments		
Including: Preferred shares		
Perpetual bond		
Capital reserve	284,015,393.99	207,453,710.09
Less: Treasury shares	35,491,855.22	
Other comprehensive income		
Special reserves		
Surplus reserve	272,823,853.68	218,761,800.37
Undistributed profit	1,797,019,711.75	1,411,297,724.78
Total owner's equity	4,001,115,318.20	3,510,601,449.24
Total liabilities and owner's equity	5,417,609,627.64	4,780,840,428.82

3. Consolidated Income Statement

Unit: RMB

Item	2022	2021
I. Total operating income	5,130,710,067.66	4,329,088,628.50
Including: Operating income	5,130,710,067.66	4,329,088,628.50
Interest income		
Earned premium		
Handling charges and commissions received		
II. Total operating cost	4,207,427,106.77	3,583,187,169.99

Including: Operating cost	2,596,474,548.86	2,128,450,515.88
Interest expense		
Handling charges and commissions paid		
Surrender value		
Net payments for insurance claims		
Net appropriation of reserves for insurance liability contracts		
Policy dividend payment		
Reinsurance costs		
Taxes and surcharges	25,676,529.97	22,521,015.48
Selling expenses	855,140,112.56	768,973,995.12
Administrative expenses	305,999,539.43	275,559,823.79
R&D expenses	434,964,770.22	375,974,472.79
Financial expenses	-10,828,394.27	11,707,346.93
Including: Interest expense	14,825,024.17	13,617,262.15
Interest income	20,979,637.98	9,526,911.57
Add: Other incomes	97,266,012.09	85,252,973.49
Investment income (loss expressed with "-")	44,129,269.02	37,589,917.82
Including: Investment income from associates and joint ventures	32,794,916.53	25,468,714.26
Gains from derecognition of financial assets measured at amortized cost		
Exchange gains (losses expressed with "-")		
Net exposure hedging gains (losses expressed with "-")		
Income from changes in fair value (loss expressed with "-")	10,651,162.59	19,608,183.48
Credit impairment loss (loss expressed with "-")	-52,856,079.41	-35,996,620.78
Assets impairment loss (losses expressed with "-")	-1,080,047.21	-2,452,581.37
Asset disposal income (losses expressed with "-")	1,071,272.66	259,673.92
III. Operating profit (loss expressed with "-")	1,022,464,550.63	850,163,005.07
Add: Non-operating income	5,125,417.41	5,310,935.09
Less: Non-operating expenses	3,543,200.88	5,929,525.29
IV. Total profit (total loss expressed with "-")	1,024,046,767.16	849,544,414.87
Less: Income tax expenses	99,450,141.47	86,316,720.53
V. Net profit (net loss expressed with "-")	924,596,625.69	763,227,694.34
(I) Classification by operation continuity		
1. Net profit from continuing operation (net loss expressed with "-")	924,596,625.69	763,227,694.34
2. Net profit from discontinued		

operations (net loss expressed with "-")		
(II) Classification by ownership		
1. Net profit attributable to shareholders of the parent company	902,731,908.18	746,186,939.78
2. Minority profit and loss	21,864,717.51	17,040,754.56
VI. After-tax net of other comprehensive income	-134,872.94	590,555.11
After-tax net of other comprehensive income attributable to the owners of parent company	-134,872.94	590,555.11
(I) Other comprehensive income which will not be reclassified to profit or loss		
1. Changes in remeasured and defined benefit plans		
2. Other comprehensive income untransferable to profit or loss under the equity method		
3. Changes in fair value of investment in other equity instruments		
4. Changes in fair value of the company's own credit risk		
5. Others		
(II) Other comprehensive income reclassified to profit or loss	-134,872.94	590,555.11
1. Other comprehensive income transferable to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment reserve for other debt investments		
5. Cash flow hedge reserve		
6. Converted difference in foreign currency statements	-134,872.94	590,555.11
7. Others		
After-tax net amount of other comprehensive income attributable to minority shareholders		
VII. Other comprehensive income	924,461,752.75	763,818,249.45
Total comprehensive income attributable to owners of the parent company	902,597,035.24	746,777,494.89
Total comprehensive income attributable to minority shareholders	21,864,717.51	17,040,754.56
VIII. Earnings per share:		
(I) Basic earnings per share	0.5403	0.4465
(II) Diluted earnings per share	0.5403	0.4446

As for business combination under the same control in the current period, the net profit realized by the combined party before the combination was RMB, while the net profit realized by the combined party in the previous period was RMB.

Legal representative: Wan Feng

Person in charge of accounting: Wang Hao

Person in charge of

accounting organization: Li Yanhong

4. Income Statement of the Parent Company

Unit: RMB

Item	2022	2021
I. Operating income	1,227,229,103.29	1,026,369,012.51
Less: Operating cost	577,379,053.77	500,026,838.29
Taxes and surcharges	6,243,133.03	5,295,948.33
Selling expenses	249,558,247.78	220,669,573.21
Administrative expenses	105,107,871.64	106,868,846.33
R&D expenses	68,226,437.01	57,178,021.40
Financial expenses	-12,566,255.56	4,952,613.09
Including: Interest expense	7,233,192.15	8,047,231.43
Interest income	14,163,458.85	5,464,377.64
Add: Other incomes	36,516,411.82	32,303,767.00
Investment income (loss expressed with "-")	306,599,481.14	259,151,332.15
Including: Investment income from associates and joint ventures	32,794,916.53	256,052,575.69
Gains from derecognition of financial assets measured at amortized cost (losses expressed with "-")		
Net exposure hedging gains (losses expressed with "-")		
Income from changes in fair value (loss expressed with "-")	5,312,453.77	13,908,165.25
Credit impairment loss (loss expressed with "-")	-7,561,068.26	-5,492,301.01
Assets impairment loss (losses expressed with "-")	-334,318.94	286,770.82
Asset disposal income (losses expressed with "-")	1,481.96	17,266.87
II. Operating profit (loss expressed with "-")	573,815,057.11	431,552,172.94
Add: Non-operating income	514,335.95	458,780.87
Less: Non-operating expenses	339,643.61	419,959.13
III. Total profit (total loss expressed with "-")	573,989,749.45	431,590,994.68
Less: Income tax expenses	33,369,216.33	22,126,200.06
IV. Net profit (net loss expressed with "-")	540,620,533.12	409,464,794.62
(I) Net profit from continuing operation (net loss expressed with "-")	540,620,533.12	409,464,794.62
(II) Net profit from discontinued operations (net loss expressed with "-")		
V. After-tax net of other comprehensive income		
(I) Other comprehensive income which will not be reclassified to profit or loss		

1. Changes in remeasured and defined benefit plans		
2. Other comprehensive income untransferable to profit or loss under the equity method		
3. Changes in fair value of investment in other equity instruments		
4. Changes in fair value of the company's own credit risk		
5. Others		
(II) Other comprehensive income reclassified to profit or loss		
1. Other comprehensive income transferable to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment reserve for other debt investments		
5. Cash flow hedge reserve		
6. Converted difference in foreign currency statements		
7. Others		
VI. Other comprehensive income	540,620,533.12	409,464,794.62
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2022	2021
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	4,947,138,367.49	4,287,217,488.07
Net increase in deposits from customers, banks and non-bank financial institutions		
Net increase in borrowings from the Central Bank		
Net increase in borrowings from other financial institutions		
Cash obtained in the received premium of the original insurance contract		
Net cash from reinsurance business		
Net increase in deposits and investment of the insured		
Cash received for interests, handling charges and commissions		
Net increase in borrowings from banks and other financial institutions		
Net increase in repurchase business capital		

Net cash received from vicariously traded securities		
Refunds of taxes and levies		
Cash received from other operating activities	253,752,407.62	228,389,729.53
Subtotal of cash inflows from operating activities	5,200,890,775.11	4,515,607,217.60
Cash paid for goods purchased and services received	1,186,278,766.99	996,925,996.18
Net increase of loan and advance of customers		
Net increase in deposits with the Central Bank, banks and non-bank financial institutions		
Cash paid for claims of direct insurance contracts		
Net increase in lendings to banks and other financial institutions		
Cash paid for interests, handling charges and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	2,118,465,104.34	1,720,228,804.18
Payments of all types of taxes	200,992,469.68	182,150,031.14
Other cashes paid relating to operating activities	594,706,334.11	543,689,643.93
Subtotal of cash outflows from operating activities	4,100,442,675.12	3,442,994,475.43
Net cash flow from operating activities	1,100,448,099.99	1,072,612,742.17
II. Cash flow from investment activities:		
Cash from realization of investment	801,563.06	13,843,034.10
Cash received from investment income	4,693,635.91	13,454,256.93
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets withdrawal	1,759,992.94	259,740.72
Net cash received from disposing subsidiaries and other business entities	9,992.09	1,914,560.00
Other cash received from investment activities	573,313,746.56	3,224,211,506.05
Subtotal of cash inflows from investment activities	580,578,930.56	3,253,683,097.80
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	642,375,334.24	560,875,063.62
Cash paid for investment	3,558,620.00	77,717,693.55
Net increase in pledge loans		
Net cash paid for acquisition of subsidiaries and other business entities	38,355,570.45	156,326,703.60
Other cash paid relating to investment activities	592,769,083.34	2,580,000,000.00
Subtotal of cash outflows from investment activities	1,277,058,608.03	3,374,919,460.77
Net cash flow from investment activities	-696,479,677.47	-121,236,362.97
III. Cash flow from financing activities:		
Cash received from capital contribution	315,439,965.49	55,406,411.28

Including: Cash received by subsidiaries from investments of minority shareholders	249,745,000.00	5,320,000.00
Cash received from borrowings	2,000,000.00	4,770,893.12
Cash received from other financing activities		
Subtotal of cash inflows from financing activities	317,439,965.49	60,177,304.40
Cash paid for repayment of debts	66,779,148.38	195,519,129.82
Cash paid for distribution of dividends and profits or payment of interests	108,158,127.24	65,233,113.50
Including: Dividends or profit paid by subsidiaries to minority shareholders	3,864,000.00	3,200,000.00
Other cash paid relating to financing activities	122,285,988.55	147,294,653.38
Subtotal of cash outflows from financing activities	297,223,264.17	408,046,896.70
Net cash flow from financing activities	20,216,701.32	-347,869,592.30
IV. Effect of exchange rate fluctuation on cash and cash equivalents	9,274,453.48	-5,396,058.90
V. Net increase in cash and cash equivalents	433,459,577.32	598,110,728.00
Add: Opening balance of cash and cash equivalents	1,141,031,904.89	542,921,176.89
VI. Balance of cash and cash equivalents at the end of the period	1,574,491,482.21	1,141,031,904.89

6. Cash Flow Statement of the Parent Company

Unit: RMB

Item	2022	2021
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	1,097,177,446.58	953,893,056.95
Refunds of taxes and levies		
Cash received from other operating activities	2,250,073,126.27	2,202,717,882.38
Subtotal of cash inflows from operating activities	3,347,250,572.85	3,156,610,939.33
Cash paid for goods purchased and services received	361,930,654.55	395,767,163.06
Cash paid to and on behalf of employees	377,358,259.07	324,264,335.94
Payments of all types of taxes	39,926,299.96	32,583,188.68
Other cashes paid relating to operating activities	2,259,259,917.22	1,726,225,573.20
Subtotal of cash outflows from operating activities	3,038,475,130.80	2,478,840,260.88
Net cash flow from operating activities	308,775,442.05	677,770,678.45
II. Cash flow from investment activities:		
Cash from realization of investment		
Cash received from investment income	167,463,841.23	26,191,443.66
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets withdrawal	441,168.28	2,552,166.51
Net cash received from disposing subsidiaries and other business entities		392,500.00
Other cash received from investment	576,568,315.96	2,695,118,990.66

activities		
Subtotal of cash inflows from investment activities	744,473,325.47	2,724,255,100.83
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	44,010,404.83	36,016,787.17
Cash paid for investment	53,214,000.00	440,624,750.71
Net cash paid for acquisition of subsidiaries and other business entities	35,634,260.00	22,200,000.00
Other cash paid relating to investment activities	620,769,083.34	2,332,180,000.00
Subtotal of cash outflows from investment activities	753,627,748.17	2,831,021,537.88
Net cash flow from investment activities	-9,154,422.70	-106,766,437.05
III. Cash flow from financing activities:		
Cash received from capital contribution	65,694,965.49	50,085,649.49
Cash received from borrowings	47,626,000.00	54,200,000.00
Cash received from other financing activities		
Subtotal of cash inflows from financing activities	113,320,965.49	104,285,649.49
Cash paid for repayment of debts	28,800,000.00	165,230,000.00
Cash paid for distribution of dividends and profits or payment of interests	104,511,877.59	65,004,128.98
Other cash paid relating to financing activities	49,709,221.04	7,069,555.93
Subtotal of cash outflows from financing activities	183,021,098.63	237,303,684.91
Net cash flow from financing activities	-69,700,133.14	-133,018,035.42
IV. Effect of exchange rate fluctuation on cash and cash equivalents	960,495.52	-223,064.99
V. Net increase in cash and cash equivalents	230,881,381.73	437,763,140.99
Add: Opening balance of cash and cash equivalents	613,416,332.84	175,653,191.85
VI. Balance of cash and cash equivalents at the end of the period	844,297,714.57	613,416,332.84

7. Consolidated Statement of Changes in Owner's Equity

Amount of the current period

Unit: RMB

Item	2022														
	Owner's equity attributable to the parent company													Minority equity	Total owner's equity
	Capital stock	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal		
	Preferred shares	Perpetual bond	Others												
I. Ending balance of the previous year	1,673,088,214.00				186,693,947.13		15,278,945.79		220,139,991.86		2,362,107,773.22		4,457,308,872.00	100,286,310.45	4,557,595,182.45

of owner's equity															
1. Capital reserve transferred into capital (or capital stock)															
2. Surplus reserve transferred into capital (or capital stock)															
3. Surplus reserves for making up loss															
4. Retained earnings carried over by changes of defined benefit plan															
5. Retained earnings carried over by other comprehensive income															
6. Others															
(V) Special reserves															

1. Amount appropriated in the current period															
2. Amount used in the current period															
(VI) Others					22,042,683.44								22,042,683.44		22,042,683.44
IV. Ending balance of the current period	1,682,748,214.00				427,520,263.71	35,491,855.22	15,144,072.85		274,202,045.17		3,109,941,135.25		5,474,063,875.76	198,199,420.76	5,672,263,296.52

Amount of the prior period

Unit: RMB

Item	2021														Minority equity	Total owner's equity
	Owner's equity attributable to the parent company															
	Capital stock	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal			
	Preferred shares	Perpetual bond	Others													
I. Ending balance of the previous year	1,665,135,714.00				113,431,570.48		14,688,390.68		179,193,512.40		1,771,832,899.47		3,744,282,087.03	89,175,611.64	3,833,457,698.67	
Add: Changes in accounting policies																
Correction of errors in the previous period																
Business combination under the same control																

Others															
II. Beginning balance of the year	1,665,135,714.00			113,431,570.48		14,688,390.68		179,193,512.40		1,771,832,899.47		3,744,282,087.03	89,175.611.64	3,833,457,698.67	
III. Increases/decreases in the amount of the current period (decrease expressed with "-")	7,952,500.00			73,262,376.65		590,555.11		40,946,479.46		590,274,873.75		713,026,784.97	11,110.698.81	724,137,483.78	
(I) Total comprehensive income						590,555.11				746,186,939.78		746,777,494.89	17,040.754.56	763,818,249.45	
(II) Owner's contributions and decrease of capital	7,952,500.00			65,021,185.89						-65,579,942.18		7,393,743.71	-5,930.055.75	1,463,687.96	
1. Ordinary shares invested by the owners	7,952,500.00			59,868,733.08								67,821.233.08	3,850.000.00	71,671.233.08	
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment recognized in owner's				5,152,452.81								5,152,452.81		5,152,452.81	

8. Statement of Changes in Owner's Equity of the Parent Company

Amount of the current period

Unit: RMB

Item	2022											
	Capital stock	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profit	Others	Total owner's equity
		Preferred shares	Perpetual bond	Others								
I. Ending balance of the previous year	1,673,088,214.00				207,453,710.09				218,761,800.37	1,411,297,724.78		3,510,601,449.24
Add: Changes in accounting policies												
Correction of errors in the previous period												
Others												
II. Beginning balance of the year	1,673,088,214.00				207,453,710.09				218,761,800.37	1,411,297,724.78		3,510,601,449.24
III. Increases/decreases in the amount of the current period (decrease expressed with "-")	9,660,000.00				76,561,683.90	35,491,855.22			54,062,053.31	385,721.986.97		490,513,868.96
(I) Total comprehensive income										540,620,533.12		540,620,533.12
(II) Owner's contributions and decrease of capital	9,660,000.00				54,519,000.46	35,491,855.22						28,687,145.24
1. Ordinary shares invested by the	9,660,000.00				53,993,100.00							63,653,100.00

owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment recognized in owner's equity					525,900.46	35,491,855.22						-34,965,954.76
4. Others												
(III) Profit distribution								54,062,053.31	-154,898,546.15			-100,836,492.84
1. Withdrawal of surplus reserve								54,062,053.31	-54,062,053.31			
2. Distribution to owners (or shareholders)									-100,836,492.84			-100,836,492.84
3. Others												
(IV) Internal carry-forward of owner's equity												
1. Capital reserve transferred into capital (or capital stock)												
2. Surplus reserve transferred into capital (or capital stock)												
3. Surplus reserves for making up loss												
4. Retained												

earnings carried over by changes of defined benefit plan												
5. Retained earnings carried over by other comprehensive income												
6. Others												
(V) Special reserves												
1. Amount appropriated in the current period												
2. Amount used in the current period												
(VI) Others					22,042,683.44							22,042,683.44
IV. Ending balance of the current period	1,682,748,214.00				284,015,393.99	35,491,855.22			272,823,853.68	1,797,019,711.75		4,001,115,318.20

Amount of the prior period

Unit: RMB

Item	2021											
	Capital stock	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profit	Others	Total owner's equity
		Preferred shares	Perpetual bond	Others								
I. Ending balance of the previous year	1,665,135,714.00				123,874,137.89				177,815,320.91	1,101,270,330.76		3,068,095,503.56
Add: Changes in accounting policies												
Correction of errors in												

the previous period												
Others												
II. Beginning balance of the year	1,665,135,714.00			123,874,137.89				177,815,320.91	1,101,270,330.76			3,068,095,503.56
III. Increases/decreases in the amount of the current period (decrease expressed with "-")	7,952,500.00			83,579,572.20				40,946,479.46	310,027,394.02			442,505,945.68
(I) Total comprehensive income									409,464,794.62			409,464,794.62
(II) Owner's contributions and decrease of capital	7,952,500.00			75,338,381.46								83,290,881.46
1. Ordinary shares invested by the owners	7,952,500.00			59,868,733.08								67,821,233.08
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment recognized in owner's equity				5,152,452.81								5,152,452.81
4. Others				10,317,195.57								10,317,195.57
(III) Profit distribution								40,946,479.46	-99,437,400.60			-58,490,921.14
1.								40,946,479.46	-			

Withdrawal of surplus reserve									.46	40,946,479.46		
2. Distribution to owners (or shareholders)										-58,490,921.14		-58,490,921.14
3. Others												
(IV) Internal carry-forward of owner's equity												-15,325,248.08
1. Capital reserve transferred into capital (or capital stock)												
2. Surplus reserve transferred into capital (or capital stock)												
3. Surplus reserves for making up loss												
4. Retained earnings carried over by changes of defined benefit plan												
5. Retained earnings carried over by other comprehensive income												
6. Others										-15,325,248.08		-15,325,248.08
(V) Special reserves												

1. Amount appropriate in the current period												
2. Amount used in the current period												
(VI) Others				23,566,438.82								23,566,438.82
IV. Ending balance of the current period	1,673,088,214.00			207,453,710.09				218,761,800.37	1,411,297,724.78			3,510,601,449.24

III. Company profile

(I) Registered address, organizational structure and headquarters address

Centre Testing International Group Co., Ltd. (hereinafter referred to as the Company) is formerly known as Shenzhen CTI Testing Technology Co., Ltd., which was jointly founded by natural persons Wan Lipeng and Zhang Li under the approval of Administration of Industry and Commerce of Shenzhen Municipality and registered with Administration of Industry and Commerce of Shenzhen Municipality (Guangdong Province) on December 23, 2003. The HQ of the Company is located in Shenzhen, Guangdong Province. Shares of the Company were listed for trading at Shenzhen Stock Exchange on October 30, 2009. The Company currently holds an enterprise legal person business license with the unified social credit code of 91440300757618160G.

After distribution of bonus shares, allocation of new shares, conversion to capital stock and issuance of additional new shares over the years, as of December 31, 2022, the Company had cumulatively issued 1,682,748,214 shares. The Company has a registered capital of RMB 1,682,748,214 and the registration address is Room 101, Building No. 1, CTI Building, Xingdong Community, Xin'an Sub-district, Bao'an District, Shenzhen; the HQ is located at Room 101, Building No. 1, CTI Building, Xingdong Community, Xin'an Sub-district, Bao'an District, Shenzhen. Final actual controller of the Group is Wan Feng.

(II) Business nature and major activities of the Company

The Company is engaged in the technical testing industry, with products and services concentrated on the fields of trade assurance, consumer goods testing, industrial testing, life science, pharma and clinical services.

(III) Approval and release of financial statements

These financial statements are approved and issued by the Board of Directors of the Company on April 21, 2023.

Totally 121 subsidiaries were included into the consolidated financial statements of this period. For details, please refer to Note IX Equities in Other Entities. The number of entities included in the scope of consolidated financial statements in this period has increased by 5 compared with the previous period. For details, please refer to Note VIII Changes in the Scope of Consolidated Financial Statements.

IV. Basis for preparation of financial statements

1. Preparation basis

The Company prepared the financial statements according to actual transactions and events, in accordance with the Accounting Standards for Business Enterprises - Basic Standards and various specific accounting standards, the Guidelines for the Application of Accounting Standards for Business Enterprises, the Interpretation of Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (hereinafter collectively referred to as "Accounting Standards for Business Enterprises") for recognition and measurement, as well as the provisions of the China Securities Regulatory Commission's Reporting Rule No.15 for Information Disclosure of Companies Offering Securities to the Public - General Provisions for Financial Reports (as revised in 2014).

2. Going concern

The Company assessed its capability of going concern within the 12 months since the end of the reporting period and no matters or conditions causing major doubt about the capability of going concern were found. Therefore, these financial statements are prepared on a going concern basis.

V. Significant accounting policies and estimates

Tips for specific accounting policies and accounting estimates:

According to the actual production and operation characteristics, the Company formulated specific accounting policies and accounting estimates, mainly reflected in the inventory valuation method, withdrawal of expected credit loss for receivables, depreciation of fixed assets and amortization of intangible assets, the measurement model of investment real estate, the time point of confirming incomes, etc.

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

The financial statements prepared by the Company satisfy the requirements of the Accounting Standards for Business Enterprises and give a true and comprehensive view of the financial status, business results, cash flow, etc. of the Company in the reporting period.

2. Accounting period

An accounting year starts from January 1 and ends on December 31 of the Gregorian calendar.

3. Operating cycle

Operating cycle refers to the period from the purchase of assets for processing to the realization of cash or cash equivalents. One business cycle of the Company is 12 months and is regarded as the determination standard for liquidity of assets and liabilities.

4. Recording currency

RMB is used as the recording currency.

5. Accounting treatment methods for business combination under or not under the same control

1) If the terms, conditions and economic effects of transactions for the purpose of realizing business combination in phases, fall in the following one or more situations, regarding multiple transactions as a package transaction for accounting treatment

- (1) Such transactions are concluded at the same time or considering the impact on each other;
- (2) Only such transactions as a whole can lead to a complete business outcome;
- (3) The occurrence of a transaction depends on the occurrence of at least one of other transactions;
- (4) A transaction is regarded as uneconomic, while being economic when regarded along with other transactions.

2) Business combination under the same control

Assets and liabilities acquired in a business combination are measured by the book value of the combined party's assets and liabilities (including goodwill arising out of the acquisition by the ultimate controller to the combined party) reflected in the final controlling party's consolidated financial statements on the date of combination. Capital stock premium of the capital reserve should be adjusted according to the difference between the book value of net assets obtained from the combination and the

payment for the book value of combination consideration (or total par value of the issued shares). In case that the capital stock premium of the capital reserve is not sufficient for offset, retained earnings are adjusted.

If there is any contingent consideration required to be recognized as estimated liabilities or assets, capital reserve (capital premium or capital stock premium) is adjusted by the difference between the amount of such estimated liabilities or assets and the amount of settlement of subsequent contingent consideration; Where the capital reserve is insufficient, the retained earnings are adjusted.

For business combination finally realized through several transactions, in case of a package transaction, all the transactions are accounted as one transaction to acquire the control; in case of no package transaction, on the date of acquisition of the control, the capital reserve is adjusted by the difference between the initial investment cost of long-term equity investment and the sum of the book value before the combination and the book value of the new payment consideration for further acquisition of shares on the date of combination; If the capital reserve is not sufficient for offsetting, the adjustment is made to retained earnings. For the equity investment held before the date of combination, the other comprehensive income measured and recognized under the equity method or financial instrument recognition and measurement standards are not accounted until the accounting treatment for the disposal of relevant assets or liabilities of the investee is adopted the same for the disposal of such equity investment; Changes in the owner's equity other than the net profit or loss, other comprehensive income and profit distribution in the net assets of the investee that is recognized under the equity method, are not accounted, until disposal of such investment is transferred to current profit or loss.

3) Business combination not under the same control

Purchase date refers to the date when the Company actually obtains the control over the acquiree, i.e. the date when the control over the acquiree's net assets or the production and operation decision-making is transferred to the Company. The Company generally deems that control right is transferred if all of the following conditions are met:

- ① The business combination contract or agreement has been approved and accepted by the internal authority of the Company.
- ② The business combination matters that are subject to approval by relevant national authorities and have already obtained such approval.
- ③ Necessary procedures for the handover of property rights have been finished.
- ④ The Company has paid most of the combination consideration and is capable of paying the remaining balance as scheduled.
- ⑤ The Company has actually controlled financial and operating policies of the acquiree and shared corresponding benefits and bore related risks.

The assets and liabilities occurred or undertook by the Company as the business combination consideration are measured at fair value on the purchase date. Difference between fair value and book value is recorded in current profit or loss.

The Company recognizes as goodwill the difference between the combination cost and the fair value share of the identifiable net assets of the acquiree in the combination if the combination cost is higher. If the combination cost is less than the fair value of the acquiree's net identifiable assets, the balance is included in the current profit or loss after review.

In a business combination not under the same control that is realized in phases through multiple exchange transactions, in case of a package transaction, the accounting treatment should be conducted with all transactions as the one to obtain the power of control; In case of a non-package transaction where the equity investment held before the date of combination is accounted under equity method, the sum of the book value of the equity investment held by the acquiree before the purchase date and the cost of new investment on the purchase date are recognized as the initial investment cost of such investment; Due to the other comprehensive income accounted and recognized under equity method, the equity investment held before the purchase date is accounted on the same basis as used for disposal of relevant assets or liabilities of the investee when disposal of such investment. Where the equity investment held before the date of combination is accounted according to the recognition and measurement criteria for financial instruments, the sum of the fair value of such equity investment on the date of combination and the new investment cost are accounted as the initial investment cost on the date of combination. The difference between the fair value of the original equity and its book value and the accumulative changes originally included in the other comprehensive income are transferred to current investment income on the date of combination.

4) Costs incurred related to combination

Intermediary fees, such as audit, legal services and valuation consultancy, and other directly related fees incurred by the Company for the purpose of business combination are recorded in current profit or loss when they occur. Trading expenses incurred from issuing equity securities for the purpose of business combination that may be directly attributable to equity trade can be deducted from the equity.

6. Preparation method for consolidated financial statements

1) Scope of consolidation

The scope of consolidation of the consolidated financial statements of the Company is determined on the basis of control. All subsidiaries (including individual entities controlled by the Company) are included in the consolidated financial statements.

2) Consolidation procedure

Consolidated financial statements are prepared based on the financial statements of the Company and each subsidiary as well as other relevant materials. The consolidated financial statements are compiled by the Company, by means of regarding the enterprise

group as an accounting subject, according to the requirements of recognition, measurement and representation of relevant accounting standards for business enterprises, as well as uniform accounting policies, to reflect the overall financial conditions, operating results and cash flow of the enterprise group.

The accounting policies and period adopted by the subsidiaries within the scope of the consolidated financial statements shall be in consistent with those of the Company, and in case of any discrepancy, adjustments shall be made necessarily in accordance with those of the Company while preparing the consolidated financial statements.

When the consolidated financial statements are prepared, the impact of internal transactions between the Company and its subsidiaries or those between subsidiaries on the consolidated balance sheet, consolidated income statement, consolidated cash flow statement and consolidated statement of changes in shareholders' equity shall be offset. In case of different judgment on one transaction upon different accounting entities (the Company or its subsidiaries) from the perspective of the consolidated financial statements of the group, the transaction will be adjusted from the perspective of the group.

The portions of owner's equity of subsidiaries, current net profit or loss and current comprehensive income of subsidiaries attributable to minority shareholders are separately presented under the owner's equity in the consolidated balance sheet, the net profits in the consolidated income statement and the total comprehensive income. When the loss in the current period borne by minority shareholders of a subsidiary exceeds their due share in owner's equity of the subsidiary at the beginning of the reporting period, the difference is written off against the minority equity.

For a subsidiary acquired through business combination under the same control, its financial statements shall be adjusted against the book value of its assets or liabilities (including goodwill resulting from acquisition of the subsidiary by the ultimate controller) in financial statement of ultimate controller.

For any subsidiary acquired through business combination not under the same control, its financial statements shall be adjusted based on the fair value of the net identifiable assets on the purchase date.

(1) Addition of subsidiary or business

During the reporting period, the beginning balance in the consolidated balance sheet shall be adjusted for the addition of new subsidiaries and businesses due to business combination under the same control. The incomes, expenses and profits of the subsidiary from the beginning of the combination to the end of the reporting period shall be included in the consolidated income statement; The cash flows of subsidiaries or businesses from the beginning of the current period to the end of the reporting period shall be included in the consolidated cash flow statement, and the related items in the comparative report shall be adjusted accordingly. It is deemed that the consolidated reporting entity has existed since the time when the final controlling party starts controlling.

If the investee under the same control can be controlled due to additional investment and other reasons, it shall be deemed that the parties involved in the combination will be adjusted in their current states when the final controlling party starts controlling. The equity investment held prior to the acquisition of the control of combined party, relevant profit and loss, other comprehensive income and other changes in net assets that all are recognized between the later date when the original stock equity is acquired and combining party and combined party are under the same control and the date of combination are offset by retained earnings at the beginning of the year or current profit or loss during the comparative statement period.

During the reporting period, the beginning balance in the consolidated balance sheet shall not be adjusted for the addition of new subsidiaries and businesses due to business combination not under the same control. The incomes, expenses and profits of the subsidiaries or businesses from the purchase date to the end of the reporting period shall be included in the consolidated income statements; The cash flows of the subsidiaries or businesses from the purchase date to end of reporting period will be included into the consolidated cash flow statement.

If the investee not under the same control can be controlled by making an additional investment, the equity of the acquiree held before the purchase date shall be remeasured by the Company at the fair value of such equity on the purchase date, and the difference between the fair value and its book value shall be included in the current investment income. If the equity of the acquiree held before the purchase date involves other comprehensive income under the equity method and other changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution, other comprehensive income and other changes in owner's equity related thereto shall be converted into the investment income of the current period at the purchase date, except for other comprehensive income arising from the re-measurement of changes in net liabilities or net assets under the defined benefit plan by the investee.

(2) Disposal of subsidiary or business

① General treatment method

During the reporting period, if the Company disposes of a subsidiary or business, the income, expenses and profits of the subsidiary or business from the beginning of the period to the date of disposal shall be included in the consolidated income statement. The cash flow of the subsidiary and business from the beginning of the period to the date of disposal shall be included in the consolidated cash flow statement.

If the control right over the investee is lost due to the disposal of part of the equity investment or other reasons, the Company shall re-measure the remaining equity investment after disposal according to its fair value on the date of loss of that control right. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the difference between the share of net assets and the sum of goodwill that should be continuously calculated from the purchase date or the date

of combination of the original subsidiary according to the original shareholding ratio, shall be included in the investment income of the current period when the control right is lost. Other comprehensive income related to the equity investment of the original subsidiary or other changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution shall be converted into current investment income when the control right is lost, except for other comprehensive income arising from the re-measurement of changes in net liabilities or net assets under the defined benefit plan by the investee.

② Disposal of subsidiary step by step

When equity investment to the subsidiary is disposed step by step by several transactions till the control right is lost, if the terms, conditions and economic impact of each transaction for disposing the equity investment to the subsidiary company meet one or more of the following conditions, it usually indicates that the several transactions shall be accounted as a package deal:

- A. Such transactions are concluded at the same time or considering the impact on each other;
- B. Only such transactions as a whole can lead to a complete business outcome;
- C. The occurrence of a transaction depends on the occurrence of at least one of other transactions;
- D. A transaction is regarded as uneconomic, while being economic when regarded along with other transactions.

If all the transactions that deal with equity investment in subsidiaries until the loss of control right belong to a package deal, the Company will treat each transaction as a transaction that deals with subsidiaries and loses the control right for accounting treatment; However, the difference between disposal cost of each deal before losing the control and entitled share of net assets of the subsidiary corresponding to the disposal investment is recognized as other comprehensive income in consolidated financial statements, and when the control is lost, transferred together into profit or loss for the period during which the control is lost.

If the transactions that deal with equity investments in subsidiaries until the loss of control right do not belong to a package deal, accounting treatment shall be conducted in accordance with the relevant policies on partial disposal of equity investments in subsidiaries without loss of control right before the loss of control right; Accounting treatment will be made by using general treatment method for disposal of subsidiaries upon loss of control right.

(3) Acquisition of minority equity of a subsidiary

The Company shall adjust the equity premium in the capital reserve in the consolidated balance sheet, and if the equity premium in the capital stock reserve is insufficient to offset, the Company shall adjust the retained earnings, for the difference between the long-term equity investment newly acquired by the Company due to the purchase of minority equity and the share of net assets continuously calculated by the subsidiary from the date of purchase according to the newly increased shareholding ratio since the purchase date (or the date of combination).

(4) Partial disposal of equity investment in subsidiary without losing control right

The Company shall adjust the equity premium in the capital reserve in the consolidated balance sheet, and if the capital stock premium in the capital reserve is insufficient to offset, the Company shall adjust the retained earnings, for the difference between the disposal price obtained by partial disposal of the long-term equity investment in the subsidiary without the loss of control and share of net assets continuously calculated by the subsidiary from the purchase date or date of combination corresponding to the disposal of long-term equity investments.

7. Classification of joint arrangement and accounting methods for joint operation

1) Classification of joint arrangements

The Company classifies the joint arrangements into the joint venture and joint operation according to the structure, legal form of joint arrangement, the terms agreed in the arrangement, and other relevant matters and situations.

Any joint arrangement that is not achieved by a separate entity shall be classified as a joint operation; Any joint arrangement that is achieved by a separate entity shall be generally classified as a joint venture; But if a joint arrangement is conclusively proved to meet any of the following conditions and meets the provisions of relevant laws and regulations, it shall be classified as a joint operation:

The legal form of joint arrangement shows the joint venturers enjoy rights to and assume obligations for relevant assets and liabilities respectively in the arrangement.

Contract terms of the joint arrangement stipulate that the joint venturers enjoy rights to and assume obligations for relevant assets and liabilities respectively in the arrangement.

Other relevant facts and circumstances indicate that the joint venturers enjoy rights to and assume obligations for relevant assets and liabilities respectively in the arrangement, such as the joint venture shall enjoy almost all the output related to joint arrangements and support the liquidation of the debt of joint arrangements.

2) Accounting method for joint operation

The Company recognizes the following items related to its share of benefits in the joint operation and conducts accounting treatment in accordance with relevant Accounting Standards for Business Enterprises:

- (1) Recognition of assets held individually and assets held jointly on a holding share basis;
- (2) Recognition of the liabilities undertaken separately, and liabilities jointly undertaken according to shares;
- (3) Recognition of its income from the sale of its share of the output arising from the joint operation;
- (4) Recognition of pro rata proceeds from the sale of output of the joint operation;

(5) Recognition of the expenses incurred solely as well as the expenses incurred under joint operation by share.

When the Company invests or sells assets and others in or to the joint operation (except for assets that constitute business), only that part of profit or loss from the transaction attributable to other participants to the joint operation shall be recognized before such assets and others are sold by the joint operation to a third party. Where any assets impairment loss happens to the invested or sold assets as set out in Accounting Standards for Business Enterprises No.8 - Asset Impairment and other regulations, the Company shall recognize the loss in full.

When the Company purchases assets and others from the joint operation (except for assets that constitute business), only that part of profit or loss from the transaction attributable to other participants to the joint operation shall be recognized before such assets and others are sold to a third party. If any assets impairment loss happens to the purchased assets as set out in Accounting Standards for Business Enterprises No.8 - Assets Impairment and other regulations, the Company shall recognize its part of such loss based on its share.

If the Company, having no joint control over a joint operation, enjoys and assumes relevant assets and liabilities of the joint operation, it shall conduct accounting treatment in accordance with the aforesaid principle; or it shall do the same in accordance with relevant Accounting Standards for Business Enterprises.

8. Recognition standard of cash and cash equivalents

The cash on hand and deposits of the Company that can be used for payment any time are recognized as the cash while preparing the cash flow statement. Investments that satisfy four conditions, namely short duration (normally means maturity within three months from the purchase date), high liquidity, readily convertible into known amount of cash and minimal risk of value change, are recognized as cash equivalents.

9. Foreign currency business and conversion of foreign currency statements

1) Foreign currency transaction

Foreign currency business transactions are initially recognized at the beginning and translated into RMB as per the spot exchange rates prevailing on the transaction dates.

The balance of foreign currency monetary items on the balance sheet date is converted at the spot exchange rate on the balance sheet date, and the resulting exchange differences are included in the current profit or loss, except for the exchange differences arising from special foreign currency loans related to the acquisition and construction of assets eligible for capitalization, which are treated in accordance with the principle of capitalization of borrowing costs. Non-monetary items denominated in foreign

currency measured at historical cost are still translated at the spot exchange rate on the date of transaction, and their amounts in recording currency remain unchanged.

Non-monetary items denominated in foreign currency measured at fair value are translated into RMB at the spot exchange rate at the date of confirmation of fair value. Differences between the amount denominated in recording currency and the original amount denominated in the foreign currency are treated as changes in fair value (including change in exchange rate) and recognized in current profit or loss, or other comprehensive income.

2) Translation of foreign currency financial statements

Items of assets and liabilities in the balance sheet are translated at the spot exchange rate prevailing on the balance sheet date. Except for "undistributed profit" items, other items of owner's equity are converted at the spot exchange rate at the time of occurrence. The income and expense items in the income statements are translated at the spot exchange rate of the transaction date. The converted difference in foreign currency statements arising from the above translations is included in other comprehensive income.

When disposing of an overseas operation, the converted difference in foreign currency statements for items under the other comprehensive income in the balance sheet that are related to such overseas operation is transferred from the other comprehensive income to current profit or loss; When part of equity investment is disposed or share of overseas operation interest is reduced for other reasons without any loss of control over any overseas operation, translated difference related to the part of the overseas operation disposed of shall be attributable to minority equity and shall not be transferred into the current profit or loss. At the time of disposal of equity interests in an overseas operation that is an associate or joint venture, the translation difference of foreign currency financial statements in relation to such overseas operation is transferred into current profit or loss at the disposal rate of such overseas operation.

10. Financial instruments

Financial assets or a financial liabilities are recognized when the Company becomes a party to a financial instrument contract.

Effective interest rate method is a method of calculating financial assets or liabilities at amortized cost and allocating their interest income or expenses to relevant accounting periods.

Effective interest rate refers to the interest rate at which the expected future cash flows of financial assets or liabilities during their remaining duration are discounted into the book balance of such financial assets or amortized cost of such financial liabilities. In determining the effective interest rate, future cash flows are estimated factoring in all contractual terms of financial assets or liabilities (such as early repayment, extension, call options or other similar options, etc.), without taking into account expected credit loss.

The amortized cost of a financial asset or liability is the initially recognized amount of such financial asset or liability, deducted by the principal amount repaid, plus or less the accumulated amount amortized for the difference between such initially recognized amount and the amount upon maturity under the effective interest rate method, and deducted by accumulated loss provisions set aside (only for financial assets).

1) Classification, recognition and measurement of financial assets

Depending on the business model for managing financial assets and the contractual cash flow characteristics of financial assets, the Company classified financial assets into the following three types:

- (1) Financial assets measured at amortized cost.
- (2) Financial assets at fair value through other comprehensive income.
- (3) Financial assets at fair value through profit or loss.

Financial assets are measured as per fair value upon initial recognition. However, accounts receivable or notes receivable incurred from selling commodities or providing services, if not containing significant financing components or not considering financing components in less than one year, shall be initially measured as per transaction price.

For financial assets at fair value through profit or loss, relevant transaction costs are directly recognized in current profit or loss; relevant transaction costs of other financial assets are recognized in their initial recognition amounts.

The subsequent measurement of financial assets depends on asset classification. Relevant financial assets under influence shall be reclassified only when the Company changes its business model of managing financial assets.

(1) Classification as financial assets measured at amortized cost

Where the contractual terms of financial assets stipulate that cash flows generated on a specific date are only for repayment of principal and payment of interest on the outstanding principal amount, and the Company manages such financial assets for generating contractual cash flows, the Company classifies such financial assets as financial assets at the amortized cost. The financial assets classified by the Company as being measured by the amortized cost include monetary funds, notes receivable, accounts receivable, other receivables, debt investments, etc.

The Company adopts the effective interest rate method for recognizing interest income of such financial assets at the amortized cost which are subsequently measured at the amortized cost, with profit or loss from impairment, derecognition or modification recorded in the current profit or loss. Except for the following circumstances, the Company calculates and confirms its interest income based on the book balance of financial assets multiplied by the effective rate of interest:

①the financial assets purchased by or originating from the Company with credit impairment shall be subject to interest income calculation based on the amortized cost and credit-adjusted effective interest rate since the initial recognition by the Company.

②the financial assets purchased by or originating from the Company with no credit impairment but having credit impairment during the follow-up period shall be subject to interest income calculation based on the amortized cost and effective interest rate of the financial assets during the follow-up period by the Company. If such financial instrument is no longer credit-impaired due to mitigated credit risk in subsequent periods, the Company calculates its interest income as the effective interest rate multiplied by the book balance of the financial assets instead.

(2) Financial assets at fair value through other comprehensive income

Where the contractual terms of financial assets stipulate that cash flows generated on a specific date are only for repayment of principal and payment of interest on the outstanding principal amount, and the business model of managing said financial assets aims at both collecting contractual cash flows and selling the financial assets, the Company classifies these financial assets as financial assets at fair value through other comprehensive income.

The Company recognizes the interest income for such financial assets using the effective interest method. Except for interest income, impairment losses and currency translation differences which are recognized as the current profit or loss, other changes in fair value are included into other comprehensive income. Upon derecognition of the financial assets, the accumulated gain or loss previously included into other comprehensive incomes is transferred from other comprehensive incomes and included into the current profit or loss.

Notes receivable and accounts receivable measured as per fair value and having the changes included as other comprehensive incomes are reported as receivables financing, and other financial assets of this kind are reported as other debt investments, wherein: other debt investments due within one year since the balance sheet date are reported as non-current assets maturing within one year, and other debt investments originally due within one year are reported as other current assets.

(3) Designation as financial assets at fair value through other comprehensive income

At the initial recognition, the Company irrevocably designates non-trading equity instrument investment as financial assets at fair value through other comprehensive income on the basis of single financial assets in an irrevocable manner.

Changes in the fair value of these financial assets are recognized in other comprehensive incomes without making provision for loss. Upon derecognition of the financial assets, the accumulated gain or loss previously included into other comprehensive incomes is transferred from other comprehensive incomes and included into the retained earnings. During the period when the Company holds such non-trading equity instruments, when the rights to the dividend of the Company are established, financial

benefits related to the dividend are likely to flow into the Company and the amount of the dividend may be reliably measured, the Company recognizes the dividend income and records it into the current profit or loss. The Company reports these financial assets under items of investment with other equity instruments.

If satisfying one of the following conditions, investment with equity instrument shall be measured as financial assets at fair value through profit or loss: the financial assets are acquired principally for the purpose of sales in the near term; those are part of the portfolio of identifiable financial assets and instruments that are put into centralized management and for which there is objective evidence of a recent pattern of short-term profit-making upon initial recognition; it is a derivative instrument (except when it fits the definition in the financial guarantee contract or it is designated and effective as a hedging instrument).

(4) Classification as financial assets at fair value through profit or loss

The financial assets that cannot be classified as the item measured at the amortized cost or measured at the fair value through other comprehensive incomes, or cannot be designated as the financial assets at fair value through other comprehensive incomes, should be regarded as the financial assets at fair value through profit or loss.

Trading financial assets are subsequently measured at fair value by the Company. Gains or losses resulting from changes in fair value and dividend and interest income related to such financial assets are recorded in current profit or loss.

The Company reports the financial assets in financial assets held for trading and other non-current financial assets according to their liquidity.

(5) Designation as financial assets at fair value through profit or loss

At the initial recognition, the Company, to eliminate or significantly reduce accounting mismatch, irrevocably designates financial assets as financial assets at fair value through profit or loss.

Where a mixed contract contains one or several embedded derivatives and the main contract does not belong to aforesaid financial assets, the Company may generally designate it as a financial instrument measured as per fair value with the changes included into current profit or loss, except in the following cases:

- ① The embedded derivative will not significantly change the cash flow of the mixed contract.
- ② Upon the initial determination on whether to spin off such a mixed contract, it is clear, without analysis, that the embedded derivative contained herein shall not be spun off. If the advance payment right embedded into the loan allows the holder to repay the loan in an amount close to the amortized cost, such advance payment needs not to be spun off.

Trading financial assets are subsequently measured at fair value by the Company. Gains or losses resulting from changes in fair value and dividend and interest income related to such financial assets are recorded in current profit or loss.

The Company reports the financial assets in financial assets held for trading and other non-current financial assets according to their liquidity.

2) Classification, recognition and measurement of financial liabilities

The Company classifies a financial instrument or its components into financial liabilities or equity instruments at initial recognition according to the contractual terms of the financial instrument issued and the economic substance it reflects beyond its legal form and in light of the definitions of financial liabilities and equity instruments. Financial liabilities, when initially recognized, are classified into: Financial liabilities at fair value through profit or loss, other financial liabilities, and derivatives designated as effective hedging instruments.

Upon initial recognition, financial liabilities are measured at fair value. Transaction costs for financial liabilities at fair value through profit or loss are directly charged to current profit or loss. For financial liabilities of other categories, transaction costs are included in the amount of initial recognition.

Subsequent measurement of financial liabilities depends on their classification:

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

These financial liabilities include financial liabilities held for trading (including derivatives classified as financial liabilities) and financial liabilities that are designated to be financial liabilities at fair value through profit or loss when they are initially recognized.

A financial liability that meets any of the following conditions shall be classified into financial liabilities held for trading: The main objective of assuming the relevant financial liabilities is to sell it or buy it back in the near term; it is part of the portfolio of identifiable financial instruments that are put into centralized management and for which there is objective evidence of a recent pattern of short-term profit-making; it is a derivative (except for a derivative that is a designated and effective hedging instrument or a financial guarantee). Financial liabilities held for trading (including derivatives classified as financial liabilities) are subject to subsequent measurement as per fair value, and all changes in fair value are included into current profit or loss except for those related to hedging accounting.

In order to provide more related accounting information at initial recognition, the Company irrevocably designates the financial liabilities, which satisfy any of the following conditions, as the financial liabilities at fair value through profit or loss:

① Capable of eliminating or significantly reducing accounting mismatch;

②Carry out the management and performance evaluation on financial liabilities portfolio, financial assets, and financial liabilities portfolio on the basis of fair value according to the enterprise risk management or investment strategy specified in the official written document, and report internally to the key executive of the enterprise on its basis.

The Company conducts subsequent measurement for these financial liabilities as per fair value. Except for changes in fair value due to changes in credit risks of the Company, which are included into other comprehensive incomes, other changes in fair value are included into current profit or loss. Unless the inclusion of the changes in fair value caused by changes in credit risks of the Company into other comprehensive incomes can cause or increase accounting mismatch in profit or loss, the Company will include all changes in fair value (including the amount influenced by changes in credit risks) into current profit or loss.

(2) Other financial liabilities

Except for the following items, the Company classifies financial liabilities as financial liabilities measured at the amortized cost, which are subject to the effective rate of interest and subsequently measured as per the amortized cost, and the profit or loss generated from the derecognition or amortization is recorded in the current profit or loss:

①Financial liabilities at fair value through profit or loss.

②Financial liabilities that are formed since the transfer of financial asset does not comply with derecognition conditions or continue to involve in the financial assets to be transferred.

③Financial guarantee contracts that do not fall into the previously stated circumstances and loaning commitments on granting loans with interest rates lower than the market interest not falling into ①of this article.

A financial guarantee contract is a contract that requires the issuer to pay a specified amount of compensation to the contract holder who suffers a loss when a particular debtor fails to repay in accordance with the original or modified debt instrument provisions. The financial guarantee contract with respect to financial liabilities that does not fall into the category designated as to be financial liabilities at fair value through profit or loss shall be measured at the higher of the amount of provisions for losses and the initially recognized amount deducted by the balance less cumulative amortization within the guarantee period.

3) Derecognition of financial assets and financial liabilities

(1) Derecognition of financial assets refers to write-off of financial assets from the account and balance sheet when any of the following conditions is satisfied by the financial assets:

①The contractual right to collect cash flow of such financial assets terminates.

②The financial asset is transferred in a manner that meets requirements for derecognition of financial assets.

(2) Conditions for derecognition of financial liabilities

If all or part of the current obligations of the financial liabilities have been discharged, the financial liabilities or part thereof shall be derecognized.

The Company signs agreements with lenders to replace the original financial liability by way of undertaking a new financial liability, and the new financial liability is in nature different from the original financial liability in contractual terms, or, where substantial modification is made to the contractual terms of the original financial liability (or part thereof), the original financial liability will be derecognized and one new financial liability is recognized. The differences between the book value and the consideration paid (including non-cash assets transferred out or liability undertaken) are included into current profit or loss.

Where the Company buys back part of its financial liability, the overall book value of the financial liability shall be allocated based on the proportions of fair values of the continuously recognized part and the derecognized part in total fair value on the date of buy-back. The difference between the book value allocated to the derecognized part and the consideration paid (including the non-cash assets transferred out or liabilities undertaken) is recorded in the current profit or loss.

4) Recognition basis and measurement method of transfer of financial assets

In case of transfer of financial assets of the Company, the Company evaluates the risks and returns related to ownership of retained financial assets and the situation is specifically dealt with as follows:

(1) Where the Company transfers almost all risks and returns related to the ownership of the financial assets transferred, these financial assets will be derecognized, and the rights and obligations occurred or retained during the transfer are separately recognized as assets or liabilities.

(2) If almost all risks and returns related to the ownership of the financial assets have been retained, such financial assets shall continue to be recognized.

(3) If there is neither transfer nor retention of almost all risks and returns related to the ownership of financial assets (i.e. any other circumstance except for (1) and (2) of this Article), the situation shall be dealt with as follows depending on whether the control over these financial assets is retained:

① If control is not retained over the financial assets, the financial assets will be derecognized, and the rights and obligations occurred or retained during the transfer are separately recognized as assets or liabilities.

② If the control over the financial assets is retained, the related financial assets shall be recognized according to the extent of the transferred financial assets continually involved, and the related liabilities shall be determined accordingly. The extent to which the Company continues to be involved in the transferred financial assets refers to the level of risks faced against the Company due to changes in the value of the financial assets.

A "substance-over-form" principle is adopted for judging whether the transfer of financial assets is in conformity with the preconditions for derecognition of the financial assets. The Company divides the transfer of financial assets into whole transfer and partial transfer.

(1) When the whole transfer of financial assets meets the derecognition conditions, the difference between the following two amounts shall be recorded in current profit or loss:

- ① The book value of the transferred financial asset at the derecognition date.
- ② The sum of the consideration received for transferring financial assets and the amount of the derecognized part in cumulatively changed fair value which is originally included into other comprehensive incomes (the financial assets involved in the transfer are financial assets at fair value through other comprehensive income).

(2) In case of partial transfer and when partial transfer of the financial assets meet the derecognition conditions, the whole book value of the transferred financial assets are amortized at their corresponding fair value between the terminated recognition and untermiated recognition (under such condition, retained service assets shall be considered as a part of financial assets with untermiated recognition), and the difference between the following two amounts shall be recorded in current profit or loss:

- ① The book value of the derecognized financial asset at the derecognition date.
- ② The sum of the consideration received for derecognized financial assets and the amount of the derecognized part in cumulatively changed fair value which is originally included into other comprehensive incomes (the financial assets involved in the transfer are financial assets at fair value through other comprehensive income).

Where transfer of financial assets does not meet the derecognition conditions, such financial assets are still recognized, and the consideration received is recognized as a financial liability.

5) Method for determining fair value of financial assets and financial liabilities

For the financial assets or financial liabilities with an active market, the fair value shall be determined with quotation in the active market, unless the financial assets have their own restricted periods. Financial assets subject to restriction are determined based on the quotation in an active market deducting the compensation claimed by the market player for undertaking the risk of not able to sell the financial assets in an open market during a specific period of time. The quotation in an active market refers to a price that is easily obtained from exchange, dealer, industry association, pricing service agency, etc., which shall represent the market transaction actually and frequently happening on the basis of fairness.

The fair value of financial assets acquired or derived or financial liabilities assumed is determined based on their market transaction price.

In case of financial assets or financial liabilities without an active market, valuation techniques shall be used to determine the fair value. In valuation, the Company adopted valuation techniques that are applicable under current circumstances and are supported by sufficient available data and other information, selected input values consistent with the characteristics of assets or liabilities considered by market participants in the transactions related to assets or liabilities, and used relevant observable input values as preferentially as possible. Un-observable input value may be used in the even that observable input value is unavailable or not feasible.

6) Impairment of financial instruments

The Company, based on expected credit losses, performed impairment accounting and recognized provision for financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, lease receivables, contract assets, loan commitments for financial liabilities not at fair value through current profit or loss, financial liabilities not at fair value through current profit or loss, and financial guarantee contracts with respect to financial liabilities that are formed since the transfer of financial asset does not comply with derecognition conditions or continue to involve in the financial assets to be transferred.

Expected credit loss refers to the weighted average of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows discounted as per the original effective interest rate and receivable from the contract and all cash flows expected to be received by the Company, namely, the present value of a shortage of cash. Among them, financial assets purchased or underlying with credit impairment of the Company shall be discounted at the financial assets' effective interest rate after credit adjustment.

For all contract assets, notes receivable and accounts receivable arising from transactions regulated under new income standards, as well as lease receivables/financial lease receivables/operating lease receivables arising from transactions regulated under new leasing standards, the Company measures loss allowances based on lifetime expected credit losses.

For financial assets purchased or underlying with credit impairment, the cumulative change in expected credit loss during the entire duration since the date of balance sheet date after initial recognition will be recognized as provision for loss. On each balance sheet date, the amount of change in expected credit loss during the entire duration is included into current profit or loss as impairment losses or gains. Even if the expected credit loss within the entire duration determined on the balance sheet date is less than the amount of expected credit loss reflected by estimated cash flow upon initial recognition, any favorable change in expected credit loss will be recognized as impairment gains.

In addition to other financial assets adopting the aforesaid simplified measurement method or financial assets purchased or underlying with credit impairment, the Company shall assess whether the credit risk of relevant financial instruments has increased

significantly since the initial recognition on each balance sheet date, and shall respectively accrue their provision for loss and recognize the expected credit loss and its change:

(1) In the event that the credit risk of financial instruments has not increased significantly since the initial recognition and it is in Stage I, the Company shall measure its loss provisions based on the amount of expected credit losses for the coming 12 months of such financial instrument and calculate the interest income on the basis of book balance and effective interest rate.

(2) In the event that the credit risk of the financial instruments has increased significantly since the initial recognition but with no credit impairment and it is in Stage II, the Company shall measure its loss provisions based on the amount of the expected credit loss of the financial instrument during the entire duration and calculate the interest income on the basis of book balance and effective interest rate.

(3) In case that credit impairment of the financial instruments has incurred since the initial recognition and it is in Stage III, the Company shall measure the loss provisions of the financial instrument based on the amount of expected credit losses during the entire duration, and calculate the interest income at amortized cost and effective interest rate.

Increases or reversals of the provisions for credit losses of the financial instrument are recorded in the current profit or loss as impairment losses or gains. Except for those classified as financial assets at fair value through other comprehensive income, the book balance of financial assets is deducted with provision for credit losses. For those classified as financial assets at fair value through other comprehensive income, the Company shall recognize the provision for credit loss in other comprehensive income, and shall not decrease the book value of such financial assets listed in the balance sheet.

Where the Company has measured the provisions for losses based on the amount of the expected credit loss over the entire duration of such financial instruments in the prior accounting period, but on the current balance sheet date, such financial instruments no longer fall into the scope of significantly increased credit risk since initial recognition, the Company measures the provisions for the losses of such financial instruments based on the amount equivalent to the expected credit losses over the coming 12 months on the current balance sheet date, with resulting reversals of provisions for losses recorded in the current profit or loss as impairment gains.

(1) Significant increase of credit risk

The Company determines if there is a significant increase in credit risk of financial instruments since initial recognition by comparing the risks of default of financial instruments on the balance sheet date and the date of initial recognition based on reasonable and well-grounded forward-looking information available. For financial guarantee contracts, when the Company applies the regulations on impairment of financial instruments, the date when the Company becomes the party which makes the irrevocable undertaking is regarded as the date of initial recognition.

The Company will consider the following factors when evaluating whether credit risks will increase significantly:

whether the debtor's operational achievement has significantly changed or not indeed or by expectation;

whether the regulatory, economic or technical environment where the debtor is located has significantly and adversely changed or not;

whether the value of the collateral as the debt pledge or the guarantee provided by the third party or credit enhancement quality has significantly changed or not, as these changes are expected to reduce the debtor's economic motives to make repayments as required by the contract or to impact the default probability;

whether the expected performance or repayment behavior of the debtor has significantly changed or not;

whether the Company has changed its management method for financial instruments credit or not, etc.

On the balance sheet date, if the Company determines that financial instruments are subject to a low credit risk, then the Company assumes that the credit risk of such financial instruments has not increased significantly since the initial recognition. If the risk of default on financial instruments is low, the borrower is highly able to perform its contractual cash flow obligations in the short term, and even if the economic situation and operating environment are adversely changed over a long period of time but not necessarily reducing the borrower's capability of fulfilling its contractual cash flow obligations, then the financial instrument is considered as having a lower credit risk.

(2) Credit-impaired financial assets

In case of one or more events adversely affecting the estimated future cash flows of a financial asset, the financial asset becomes a financial asset to which a credit impairment has happened. Evidences of credit impairment of financial assets include the following observable facts:

The issuer or debtor is in severe financial difficulties;

The debtor violates the contract (such as a default or delinquency in interest or principal payments);

The creditor, out of financial or contractual considerations regarding the debtor's financial distress, has made a concession that would otherwise be impossible;

The debtor is likely to go bankrupt or undergo other financial restructuring;

The issuer or the debtor's financial distress causes disappearance of an active market for financial assets;

Financial assets are purchased or derived at a substantial discount, which reflects the occurrence of credit loss.

The credit impairment of financial assets may be incurred by the joint effect of multiple events, and perhaps not be caused by individually identifiable events.

(3) Determination of expected credit loss

In assessing the expected credit loss, the Company takes reasonable and well-founded information about past event, current condition and future economic status predictions into consideration based on the expected credit loss of financial instruments by portfolio and individual item.

The Company divides the financial instruments into different portfolios based on the common credit risk characteristics. The common credit risk characteristics adopted by the Company include: type of financial instruments, rating of credit risks, aging portfolio, overdue aging portfolio, contract settlement period for engineering projects and sector of the debtor. See accounting policies of relevant financial instruments for single evaluation standards and combined credit risk characteristics.

The Company determines the expected credit losses of financial instruments under the following methods:

- 1) For financial assets, the credit loss is calculated as the present value of the difference between the contractual cash flows to be collected by the Company and cash flows expected to be collected.
- 2) For lease receivables, the credit loss is calculated as the present value of the difference between the contractual cash flows to be collected by the Company and cash flows expected to be collected.
- 3) For financial guarantee contracts, the credit loss is the expected payment made to the contract holder by the Company for reimbursing against the credit losses incurred to the contract holder, deducted by the present value of the differences between the amounts expected to be received by the Company from the contract holder, debtor or any other party.
- 4) For financial assets which have been credit-impaired on the balance sheet date but are not credit-impaired at purchase or derivation, the credit loss is calculated as the difference between the book balance of such financial assets and present value of anticipated future cash flows discounted at the original effective interest rate.

The Company's methods for measuring the expected credit losses of financial instruments reflect the following factors: Unbiased probability-weighted average amount determined upon assessing a range of possible results; the time value of money (TVM); and reasonable and well-founded information on past events, current condition and future economic condition predictions available on the balance sheet date without paying unnecessary additional costs or efforts.

(4) Write-down of financial assets

When all or part of contractual cash flows of financial assets is no longer expected to be recovered, the Company directly writes down the book balance of such financial assets. Such write-downs constitute the derecognition of relevant financial assets.

7) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are listed in the balance sheet respectively and are not offset with each other. However, the net value after offset is listed in the balance sheet when the following conditions are satisfied:

- (1) The Company has the legal right to offset the recognized amount and such right is enforceable at current;
- (2) The Company intends either to settle on a net basis, or to realize the financial assets and pay off the financial liabilities simultaneously.

11. Notes receivable

See 10.6. "Impairment of financial instruments", V, Section X for the Company's determination methods and accounting treatment methods for the expected credit losses of notes receivable.

Where the sufficient evidence of the expected credit loss can't be evaluated at a reasonable cost at the single instrument level, the Company will divide the notes receivable into several portfolios on the basis of credit risk characteristics and calculate the expected credit loss based on the portfolio, by reference to the historical credit loss experience and in combination with the current situation and the assessment of the future economic position. Basis for determining such portfolios:

Portfolio name	Basis for determining combination	Methods for provision
Bank's acceptance bills portfolio	1. The drawer has a high credit rating. There is no historical bill default, and the credit loss risk is extremely low; the ability to perform the obligation of paying contract cash flow in a short term is strong; 2. Banks without high credit rating	The Company will calculate the expected credit loss by the default risk exposure and the expected credit loss rate of the entire duration, with reference to the historical credit loss experience and in combination with the current situation and the anticipation of the future economic position.
Commercial acceptance bill	It is mainly issued by large state-owned enterprises and listed companies with a good reputation without material breach according to the historical experience.	The Company will calculate the expected credit loss by the default risk exposure and the expected credit loss rate of the entire duration, with reference to the historical credit loss experience and in combination with the current situation and the anticipation of the future economic position.

12. Accounts receivable

See 10.6. "Impairment of financial instruments", V, Section X for the Company's determination methods and accounting treatment methods for the expected credit losses of accounts receivable.

The Company will separately determine the credit loss for the accounts receivable with sufficient evidence of expected credit loss that can be evaluated at a reasonable cost at the single instrument level.

Where the sufficient evidence of the expected credit loss can't be evaluated at a reasonable cost at the single instrument level, the Company will divide the accounts receivable into several portfolios on the basis of credit risk characteristics and calculate the expected credit loss based on the portfolio, by reference to the historical credit loss experience and in combination with the current situation and the assessment of the future economic position. Basis for determining such portfolios:

Portfolio name	Basis for determining combination	Methods for provision
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Associated transaction within the scope of consolidation	The receivables of the Related Party within the scope of consolidation have similarly low credit risk characteristics.	The Company will prepare the comparison table of the accounts receivable aging and the expected credit loss rate of the entire duration, and calculate the expected credit loss, with reference to the historical credit loss experience and in combination with the current conditions and the forecasts of the future economic position.
Aging portfolio	The Company makes the best estimates for the proportion of provision for the receivables according to the past experience, and classifies the credit risk portfolio with reference to the aging of the receivables.	The Company will prepare the comparison table of the accounts receivable aging and the expected credit loss rate of the entire duration, and calculate the expected credit loss, with reference to the historical credit loss experience and in combination with the current conditions and the forecasts of the future economic position.

13. Receivables financing

They are classified as notes receivable and accounts receivable at fair value through other comprehensive income. If the period from the initial recognition date to the maturity date is no more than one year, they are listed as receivables financing; If the period from the initial recognition date to the maturity date is more than one year, they are listed as other debt investments. For related accounting policies, please refer to 10. "Financial instruments", V, Section X.

14. Other receivables

Determination and accounting method for expected credit loss of other receivables

See 10.6. "Impairment of financial instruments", V, Section X for the Company's determination methods and accounting treatment methods for the expected credit losses of other receivables.

The Company will separately determine the credit loss for other receivables with sufficient evidence of expected credit loss that can be evaluated at a reasonable cost at the single instrument level.

Where the sufficient evidence of the expected credit loss can't be evaluated at a reasonable cost at the single instrument level, the Company will divide other receivables into several portfolios on the basis of credit risk characteristics and calculate the expected credit loss based on the portfolio, by reference to the historical credit loss experience and in combination with the current situation and the assessment of the future economic position. Basis for determining such portfolios:

Portfolio name	Basis for determining combination	Methods for provision
Associated transactions and security and deposits within the scope of consolidation	Other receivables of the related parties within the scope of consolidation have similarly low credit risk characteristics. Other receivables of security and deposits have similarly low credit risk characteristics.	The Company will calculate the expected credit loss by the default risk exposure and the expected credit loss rate in 12 months or during the entire duration, with reference to the historical credit loss experience and in combination with the current situation and the anticipation of the future economic position.

Aging portfolio	Same payments classified by nature have similar credit risk characteristics.	The Company will calculate the expected credit loss by the default risk exposure and the expected credit loss rate in 12 months or during the entire duration, with reference to the historical credit loss experience and in combination with the current situation and the anticipation of the future economic position.
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15. Inventories

1) Classification of inventories

Inventories refer to finished products or merchandise held by the Company for sale in daily activities, goods in process, materials and supplies consumed in the process of production or labor service provision, mainly including raw materials, commodity stocks and goods in transit.

2) Valuation method for inventory

Inventories shall be initially measured at costs upon acquisition, which include procurement costs, processing costs and other costs. The method of FIFO (first-in, first-out) is adopted for the valuation of inventories shipped in transit.

3) Determination basis of net realizable value of inventory and provision method for inventory depreciation reserve

When a comprehensive count of inventories is done at the end of the period, inventory depreciation reserve shall be allocated or adjusted according to the lower of cost of inventories or net realizable value. The net realizable value of commodity stocks (including finished products, inventory merchandise and materials for sale) that can be sold directly is determined using the estimated selling expenses of such inventory deducted by the cost of sales and relevant taxes over the course of ordinary production and operation. The net realizable value of the inventory of materials that need to be processed shall be determined in the normal production and operation process by subtracting the estimated cost to be incurred when the finished products are completed, the estimated selling expenses and relevant taxes and fees from the estimated selling price of the finished products produced. The net realizable value of inventories held for the performance of sales contracts or labor contracts shall be calculated on the basis of the contract prices. If the quantity of inventories held is greater than the quantity ordered in the sales contract, the net realizable value of the excess inventories shall be calculated on the basis of the general sales price.

Inventory depreciation reserves are accrued based on individual inventory item at the end of the period. However, for inventories with large quantities and low unit price, the provision for inventory depreciation reserve is made by categories. For inventories related to product series produced and sold in the same area, with the same or similar end use or purpose, and difficult to be measured separately with other projects, the inventory depreciation reserve is allotted in combination.

If the factors affecting the value of inventories previously written down have disappeared, the amount of the write-down is restored and reversed within the amount of the original inventory depreciation reserve, and the reversed amount is recognized in current profit or loss.

4) Inventory system: The perpetual inventory taking system is adopted for inventories.

5) Amortization method for low-value consumables and packaging materials

(1) One-off amortization method is adopted for low-value consumables;

(2) One-off amortization method is adopted for packaging;

(3) Other revolving materials are amortized by the immediate write-off method.

16. Contract assets

Contract assets refer to the rights to receive consideration for goods or services transferred to the customer by the Company, which depend on other factors except the lapse of time. The rights of the Company to unconditionally (i.e. only based on the lapse of time) receive consideration from the customer are separately listed as receivables.

See 10.6. "Impairment of financial instruments", V, Section X for the Company's determination methods and accounting treatment methods for the expected credit losses of contract assets.

17. Contract cost

1. Contract performance cost

The Company will recognize the cost incurred for contract performance as an asset if such cost falls outside the scope of other accounting standards for business enterprises except for new income standards and meets all of the following conditions:

(1) the cost is related to a current contract or a contract to be obtained, including direct labor cost, direct material/manufacture cost

(or similar costs), cost to be undertaken by the customer and other costs incurred under the contract;

(2) the cost increases the resources available to the enterprise to fulfill performance duties in the future;

(3) the cost is expected to be recovered.

The asset is presented in inventories or other non-current assets dependent on if its amortization period exceeds one normal operating cycle at the initial recognition.

2) Contract acquisition cost

Where the incremental cost incurred by the Company to acquire the contract is expected to be recovered, it is recognized in the form of contract acquisition cost as an asset. Incremental cost refers to the cost which will not incur unless a contract is secured by

the Company, e.g. sales commission, etc. If the amortization period does not exceed one year, such cost shall be included as current profit or loss.

3) Contract cost amortization

Any assets mentioned above and related to contract costs shall be amortized and included as current profit or loss on the same basis of confirming the commodity or service income related to these assets at the time of fulfilling the obligation or according to the progress of obligation fulfillment.

4) Contract cost impairment

As to the aforesaid asset related to contract costs, if the book value is higher than the difference between the remaining consideration expected to be received for the transfer of the commodity associated with the asset and the estimated costs to be incurred for the relevant commodity, impairment provision will be made for the excess portion and recognized it as assets impairment loss.

After withdrawal of impairment provision, if changes are observed in factors of impairment in prior periods, resulting in the difference between the above two items higher than the book value of the asset, the originally withdrawn asset impairment provision should be reversed and recognized in current profit or loss, but the reversed book value of asset shall not exceed the book value of the asset on the reversal date as if no withdrawal of impairment provision occurred.

18. Held-for-sale assets

1) Criteria for classifying as held-for-sale items

The Company will classify the non-current assets or disposal groups satisfying all the following conditions simultaneously as those held for sales:

(1) According to the practices for selling such asset or disposal group in similar transactions, it may be promptly sold under the current conditions;

(2) The sale is very likely to happen, i.e., the Company has already made a resolution on a sale plan that has been approved by the regulatory authority (if applicable) and has obtained a confirmed purchase commitment, and it is expected to complete the sale within one year.

The confirmed purchase commitment refers to a legally binding purchase agreement signed by and between the Company and other parties, which includes the material terms, such as transaction price, time and adequately strict penalties for breaches, and it is very unlikely to make material adjustment or cancellation on the agreement.

2) Accounting method for assets held for sale

When the Company doesn't accrue the depreciation or amortize against the non-current assets or disposal groups held for sale, if the book value thereof is higher than the net amount of the fair value deducting the selling expenses, the book value shall be reduced to the net amount of the fair value deducting the selling expenses, the write-down amount shall be confirmed as the assets impairment loss and included into the current profit or loss, and the impairment provision of the held-for-sale assets shall be calculated and withdrawn.

For non-current assets or disposal groups classified into the held-for-sale category on the purchase date, the initially measured amount of those assumed not to be classified into the held-for-sale category is compared with the net amount of the fair value deducting the selling expenses at the initial measurement, and the measurement shall be subject to the lower one.

The above principles are applicable to all non-current assets, excluding investment real estate with the fair value used for subsequent measurement, biological assets measured with the net amount of the fair value deducting the selling expenses, assets formed by employee remuneration, deferred tax assets, financial assets regulated by accounting standards related to financial instruments, and the rights generated by the insurance contract regulated by accounting standards thereof.

19. Debt investment

N/A.

20. Other debt investments

See 10.6. "Impairment of financial instruments", V, Section X for the Company's determination methods and accounting treatment methods for the expected credit losses of other creditors' investment.

21. Long-term receivables

N/A.

22. Long-term equity investment

1) Determination of initial investment cost

(1) For long-term equity investment formed by business combination, please see 5. "Accounting treatment methods for business combination under or not under the same control", V, Section X for details of accounting policies.

(2) Long-term equity investment acquired by other means

As for the long-term equity investment acquired by cash payment, the actual purchase price paid will be identified as the initial investment cost. The initial investment cost includes expenses, taxes and other compulsory expenses, which are directly related to the long-term equity investment.

For long-term equity investment acquired by issuing equity securities, the initial investment cost will be the fair value of the equity securities issued; Trading expenses incurred during issuance or acquisition of equity instrument that may be directly attributable to equity trade can be deducted from the equity.

Under the precondition that the exchange of non-monetary assets has commercial essence and the fair value of the assets received or surrendered can be reliably measured, the initial investment cost of the long-term equity investment exchanged from non-monetary assets will be determined by the fair value of the assets surrendered, unless there is conclusive evidence that the fair value of the assets received is more reliable. The initial investment costs of a long-term equity investment in a non-monetary asset exchange that cannot satisfy the above conditions is determined by the book value of the asset surrendered and the amount of relevant taxation payable.

As for the long-term equity investment arising from debt restructuring, its initial investment cost is determined based on its fair value.

2) Subsequent measurement and recognition of profit or loss

(1) Cost method

The Company may adopt the cost method for accounting of the long-term equity investment controlled by the investee, and measure the investment at the initial investment cost. The long-term equity investment cost can be adjusted by addition or recovery of investment.

Except for the price actually paid for obtaining the investment or the cash dividends or profits declared but not yet distributed which are included in the consideration, the Company recognizes cash dividends or profits declared and distributed by the investee as current investment income.

(2) Equity method

The long-term equity investment over the associates and joint ventures will be accounted through the equity method by the Company. Where part of the equity investment in associates is indirectly held by venture capital institutions, mutual funds, trust companies or similar subjects including unit-linked insurance fund, the investment is measured at fair value through profit or loss.

Where the initial investment cost of long-term equity investment is greater than the difference of the fair value share of the investee's identifiable net assets that shall be owned by the Group during the investment, no adjustment to the initial cost of long-

term equity investment shall be made. If the initial investment cost is less than the difference of the fair value share of the identifiable net assets of the investee at the moment of the investment, it will be included in the current profit or loss.

After the Company acquires the long-term equity investment, it shall, in accordance with its attributable share of the net profit or loss and other comprehensive incomes realized by the investee, recognize the investment income and other comprehensive incomes respectively and simultaneously adjust the book value of the long-term equity investment. In addition, in accordance with the profits or cash dividends declared to be distributed by the investee, its share should be calculated and the book value of the long-term equity investment will be reduced accordingly. The book value of long-term equity investment shall be adjusted against other changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution, and recorded in owners' equity.

The Company recognizes the share of the net profit or loss of the investee based on the fair value of all the identifiable assets of the investee upon acquisition of the investment after adjusting the net profit of the investee. The profit or loss of the unrealized internal transactions between the Company and the joint ventures, associates shall be offset against the part attributable to the Company according to the proportion the Company is entitled to, and the profit or loss on investment shall be recognized on such basis.

Loss incurred by the investee and borne by the Company is determined by the following steps: At first, the Company writes down the book value of the long-term equity investment. Second, where the book value of long-term equity investment is insufficient to be written off, the Company continues to recognize investment loss up to book value of other long-term equity which substantially constitutes the net investment made in the investee and writes off book value of long-term receivables. And finally, after the above said disposal, if the Company still undertakes additional obligations according to the investment contract or agreement, the estimated liabilities are determined subject to the estimated obligations and included into the current investment loss.

Provided that profit making is achieved later on by the investee, after the undetermined part of loss to share is deducted by the Company, disposal is done according to a sequence opposite to the sequence above, the book balance of determined estimated liabilities is written down, the book value of the long-term equity interests and long-term equity investment that substantially constitute the net investment to the investee is restored, and also, the investment income is restored and recognized.

3) Conversion of accounting methods for long-term equity investment

(1) Change from fair value measurement to equity method

For the equity investment, originally held by the Company without the control, joint control or significant impact on the investee, recognized by financial instruments, accounted for according to measurement standards, and through which the investor can exert

significant impact or have joint control over the investee but not constitute control due to additional investment or other reasons, the sum of the fair value of equity investment originally held and determined by Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments and cost of newly increased investment shall be used as the initial investment cost when equity method is applied instead.

The book value of the long-term equity investment is adjusted by the difference between the initial investment cost under equity method and the fair value of the identifiable net assets of the investee on the date of additional investment determined by calculation of the new shareholding proportion after such additional investment, and is included in current non-operating income.

(2) Fair value measurement or equity method accounting to cost method accounting

For the equity investment, originally held by the Company without the control, joint control or significant impact on the investee, recognized by financial instruments and accounted for according to measurement standards, or long-term equity investment, originally held in joint ventures and associates and through which the investor has control over the investee not under the same control due to additional investment or other reasons, when separate financial statements are prepared, the sum of book value of equity investment originally held and cost of newly increased investment shall be used as the initial investment cost when the cost method is applied instead.

Due to the other comprehensive income accounted and recognized under equity method, the equity investment held before the purchase date is accounted on the same basis as used for disposal of relevant assets or liabilities of the investee when disposal of such investment.

Relevant provisions of Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments shall be adopted for accounting treatment on the equity investment held prior to the purchase date, and the accumulative changes in fair value that are originally included in other comprehensive incomes are included in current profit or loss under the cost method.

(3) Equity method accounting to fair value measurement

In case of loss of the joint control over the investee due to the Company's disposal of partial equity investment or significant impact, the remaining equities after the disposal shall be calculated according to Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, while the difference between the fair value and book value on the date of losing the joint control or significant impact shall be recorded in the current profit or loss.

For original equity investments recognized in other comprehensive income where equity method is adopted, accounting treatment should be applied on the same basis as those adopted by the investee for direct disposal of related assets or liabilities where the equity method is no longer adopted.

(4) Cost method to equity method

Where the Company loses the control over the investee due to disposal of partial equity investment, and the remaining equities after disposal can implement joint control or exert significant impact over the investee when preparing the separate financial statements, it should be changed to the equity method and the remaining equities shall be adjusted as if the equity method is adopted at the acquisition.

(5) Change of cost method to measurement at fair value

Where the Company loses the control over the investee due to disposal of partial equity investment, and the remaining equities after disposal cannot implement joint control or exert significant impact over the investee when preparing the separate financial statements, relevant provisions of Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments shall be adopted for accounting treatment, and the difference between the fair value and the book value on the date when the control is lost is included in current profit or loss.

4) Disposal of long-term equity investment

During the disposal of long-term equity investments, the difference between book value and the actual price of the acquisition shall be recorded into the current profit or loss. For long-term equity investments accounted by employing equity method, these investments are disposed on the same basis as those adopted by the investee for direct disposal of relevant assets or liabilities, and accounting treatment is applied based on corresponding proportion to the part initially recognized in other comprehensive income.

If the terms, conditions and economic effects of transactions in relation to the disposal of equity investments in subsidiaries, fall in the following one or more situations, multiple transactions are regarded as a package transaction for accounting treatment:

- (1) Such transactions are concluded at the same time or considering the impact on each other;
- (2) Only such transactions as a whole can lead to a complete business outcome;
- (3) The occurrence of a transaction depends on the occurrence of at least one of other transactions;
- (4) A transaction is regarded as uneconomic, while being economic when regarded along with other

When an entity loses control of its original subsidiaries due to partial disposal of equity investment or otherwise, it does not belong to a package transaction, and the accounting treatment shall be differentiated by separate financial statements and consolidated financial statements:

(1) When the equity is disposed in some financial statements, the difference between its book value and the actual purchase price shall be included into the current profit or loss. Where the remaining equities after disposal can implement joint control or exert significant impact over the investee, the equity method is adopted for accounting treatment, and the remaining equity is adjusted as if the equity is adopted at the time of acquisition. Where the remaining equities after disposal cannot implement joint control or exert significant impact over the investee, relevant provisions of Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments shall be adopted for accounting treatment, and the difference between the fair value on the date when the control is lost and the book value is included in current profit or loss.

(2) In consolidated financial statements, for the transactions before the loss of control over subsidiaries, the capital reserve (capital stock premium) is adjusted by the difference between the price of disposal and the net asset shares of subsidiaries continuously calculated since the purchase date or date of combination corresponding to the long-term equity investment; if the capital reserve is insufficient to offset, retained earnings are adjusted. When control over a subsidiary is lost, the remaining equity is re-measured at the fair value on the date of control losing. The difference of the sum of the consideration received through disposal of equity and the fair value of the remaining equity, deducting the entitled share of net assets continuously calculated at original shareholding ratio from the purchase date in the subsidiary, is recognized as investment income for the period during which the control is lost, and meanwhile is written off against goodwill. Relevant other comprehensive income related to original equity investment in the subsidiaries is transferred to current investment income at the time of loss of control power.

Each transaction involved in the disposal of equity investments of subsidiaries until loss of control falls into a package deal, with accounting treatment for each transaction as one transaction disposing equity investment of subsidiaries and losing the right of control; the accounting treatment shall be differentiated by separate financial statements and consolidated financial statements:

(1) In separate financial statements, the difference between the price of disposal and the book value of the long-term equity investment corresponding to the equity disposed of before the loss of control is recognized as other comprehensive incomes, and transferred to current profit or loss at the time of loss of control.

(2) In consolidated financial statements, the difference between the price of disposal and net asset share in subsidiaries corresponding to the disposal of investment is recognized as other comprehensive incomes, and transferred to current profit or loss at the time of loss of control.

5) Determination criteria of joint control and significant impact

If the Company collectively controls a certain arrangement with other participants as agreed, and the decisions on the activities that may have a significant impact on the return of arrangement exit with consistent agreement from participants sharing the control power, then the Company and the other participants are deemed to have joint control over the certain arrangement, which is a joint arrangement.

In case of a joint arrangement concluded through a separate entity, when the Company is judged to be entitled to the net assets of the separate entity under relevant agreements, the entity shall be viewed as a joint venture under the equity method. However, when the Company is judged to be not entitled to the net assets of the separate entity under relevant agreements, the entity shall be viewed as a joint operation, in which case, the Company recognizes items relating to its share of interests from the joint operation and accounts for according to relevant Accounting Standards for Business Enterprises.

Significant influence refers to that investor has the right to participate in the decision-making of financial and operation policies of the investee but cannot control or jointly control with other parties the formulation of such policies. The Company determines the significant impact on the investee through one or more situations as bellow and taking into account all facts and situations: (1) dispatching representatives to the Board of Directors of the investee or similar organ of authority; (2) participating in establishment of financial and operational policies of the investee; (3) important transactions with the investee; (4) sending management personnel to the investee; (5) providing key technical information to the investee.

23. Investment real estate

Measurement model of investment real estate: Measurement by cost method

Depreciation or amortization methods

Investment real estate is defined as the real estate with the purpose to earn rent or capital appreciation or both, including the rented land use rights, the land use rights which are held and prepared for transfer after appreciation, and the rented buildings. In addition, for the vacant buildings held by the Company for lease, if the Board of Directors makes a resolution in writing, explicitly indicating that they are used for lease and there will be no change within the short period of holding, such buildings shall be reported as investment real estate.

The entry value of the Company's investment real estate is recorded at its cost. The cost of purchased investment real estate includes the purchase price, relevant taxes and other expenses directly attributable to the assets. Costs of the self-constructed investment real estate are composed of the necessary expenses incurred before the assets are brought to the expected conditions for use.

The Company adopts cost model for subsequent measurement of investment real estate and treats appreciation or amortization of the buildings and land use right according to their estimated service lives and net residual value.

Category	Depreciation method	Depreciable life (years)	Residual value rate (%)
Investment real estate	Straight-line method	As per housing ownership certificate	5

When investment real estate turns to be used by holders, the Company will switch it to the fixed assets or intangible assets from the date of such turning. And when self-used real estate turns to be leased out for rent or capital appreciation, the fixed assets or intangible assets shall be switched by the Company to investment real estate from the date of such turning. In case of transfer, the book value before transfer will be deemed as entry value after transfer.

If an investment real estate is disposed of, or if it is withdrawn permanently from use and no economic benefit is expected to be obtained from the disposal, the investment real estate is derecognized. The balance of the proceeds from sale, transfer, scrap or damage of investment real estate less the book value of the investment real estate and relevant taxes is included in current profit or loss.

24. Fixed assets

1) Recognition conditions

Fixed assets refer to tangible assets held for commodity production, labor supply, leasing out, or for operation management with service life over one accounting year. Fixed assets can only be recognized when both of the following conditions are satisfied:

- (1) Economic benefits related to the fixed asset will probably flow into the Company;
- (2) The cost of the fixed assets can be measured reliably.

2) Depreciation method

Category	Depreciation method	Depreciable life	Residual value rate	Annual depreciation rate
Housing and buildings	Straight-line depreciation method	Service life specified in property ownership certificate	5.00	
Decoration of fixed assets	Straight-line depreciation method	10- Service life specified in property ownership certificate	5.00	
Testing equipment	Straight-line depreciation method	5-10 years	5.00	19.00-9.50
Transport equipment	Straight-line depreciation method	5	5.00	19.00
Office equipment	Straight-line depreciation method	5	5.00	19.00

- (1) Depreciation of fixed assets

The depreciation of fixed assets is accrued within the estimated service life based on the entry value less the estimated net residual value. For the fixed assets that have been accrued for impairment provision, the related depreciation charge is prospectively determined based upon the adjusted book value after lessing the impairment provision over the remaining service life; the fixed assets fully depreciated but still in use are not accrued and depreciated.

The Company shall determine the service life and estimated residual value of fixed assets based on their nature and use condition. The service life, estimated net residual value and depreciation method of fixed assets are re-assessed at the end of the period. The corresponding adjustment shall be made in case of any difference from the originally estimated amount.

(2) Subsequent expenditure of fixed assets

Subsequent expenditures relating to fixed assets will be included into cost of fixed assets if conditions for recognition of fixed assets are met; If it does not meet the recognition conditions of fixed assets, it shall be included in the current profit or loss when it occurs.

(3) Disposal of fixed assets

A fixed asset will be derecognized when it is disposed of or no economic benefit is expected from the use or disposal of the asset. The amount of proceeds on sale and transfer of a fixed asset as well as disposal of a scrapped or damaged fixed asset less its book value and related taxes, are recognized in current profit or loss.

3) Identification basis, valuation and depreciation method of the fixed assets under financing lease

Fixed assets leased by the Company are recognized as the fixed assets held under finance lease if one or more of the following criteria are met:

- (1) The ownership of the leased asset is transferred to the Company when the term of lease expires.
- (2) The lessee has the right to choose to purchase the leased assets; the established purchase price is expected to be much lower than the fair value of the leased assets when the right of choice is exercised, and hence it can be reasonably determined that the Company will exercise such right of choice on the lease commencement date.
- (3) Even if the ownership of the assets is not transferred, the lease term covers the major part of the service life of the leased assets.
- (4) The present value of the minimum lease payments on the inception of lease of the Company almost amounts to the fair value of the leased asset on the inception of the lease.
- (5) The leased assets are of a specialized nature so that only the Company can use it without making major modifications.

The fixed assets rented by way of finance lease shall be accounted for at fair value. For fixed assets obtained by finance lease, the lower of the fair value of rented assets and the present value of the minimum lease payment on the lease start date shall be recorded as the entry value. The minimum lease payment is recognized as the entry value of long-term payable, and the difference between them is recognized as an unrecognized finance charge. The initial direct costs such as commissions, counsel fees, traveling expenses, and stamp duties attributable to the leased items incurred during the lease negotiation and lease contract signing shall be recorded in the leased assets value. The unrecognized finance charge is amortized by effective interest method over the lease term.

In calculating the depreciation of the fixed assets under the finance lease, the Company adopts a depreciation policy consistent with that for self-owned fixed assets. Where it is reasonably certain that the ownership of the leased assets can be obtained at the time when the term of lease expires, the leased assets shall be depreciated over its service life. Where the ownership of leased asset cannot be reasonably determined by the expiration of the leasing period, depreciation will be accrued within the lease term or the service life of the leased asset, whichever is shorter.

25. Construction in progress

(1) Initial measurement of construction in progress

The self-constructed construction in progress of the Company is measured at actual cost, which consists of the necessary expenses required for bringing such constructions to the intended use, including the costs of construction materials, labor costs, relevant taxes paid, borrowing costs capitalized and indirect costs apportioned.

(2) Criteria and timing for construction in progress carried forward into fixed assets

As for engineering construction in progress, all expenses incurred before predetermined serviceable conditions of the assets are achieved shall be recognized as entry value of the fixed assets. If the construction in progress has reached the expected serviceable state but the final accounts for completion have not yet been handled, from the date of being available for intended use, they shall be transferred to the fixed assets at an estimated value according to the budget, cost or actual cost of the project, and the depreciation of the fixed assets shall be accrued according to the Company's fixed assets depreciation policy. After the final accounts for completion are processed, the original provisional valuation shall be adjusted according to the actual cost, but the originally accrued depreciation amount shall not be adjusted.

26. Borrowing costs

1) Recognition principles for capitalization of borrowing costs

The borrowing costs which are incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization shall be capitalized and recorded in the costs of relevant assets. Other borrowing costs shall be recognized as expenses based on the actual amount incurred at the time of incurring and included in the current profit or loss.

Assets eligible for capitalization refer to fixed assets, investment real estate, inventories and other assets which require a substantial period of time for acquisition and construction activities to satisfy predetermined serviceable or marketable conditions.

Borrowing costs shall only be capitalized when meeting all of the following requirements:

- (1) Asset expense has been incurred. Asset expenses include expense incurred in forms of cash payment, non-cash assets transfer or debt with interests assumption for acquisition or production of assets eligible for capitalization;
- (2) Borrowing costs have been incurred;
- (3) The acquisition and construction or production activities necessary for making assets satisfying predetermined serviceable or marketable conditions have already initiated.

2) Capitalization period of borrowing costs

Capitalization period refers to the period from start of capitalization of borrowing costs to end of capitalization. The period for capitalization suspension of borrowing costs shall be excluded.

Capitalization of borrowing costs shall cease once the acquisition, construction or production necessary to prepare the qualifying asset for its intended use or sale are complete.

As for assets with acquisition and construction or production eligible for capitalization, if certain projects of such assets are completed separately and available for individual service, capitalization of the borrowing costs for such assets shall be ceased.

When portions of the construction or production of an asset have been completed but will only become useful or saleable after the entire asset is completed, the capitalization of borrowing costs is stopped when the entire asset is completed.

3) Period of suspension of capitalization

Capitalization of borrowing costs is suspended when any abnormal interruption continues for over three months during the construction or production of an asset that meets capitalization conditions. If the interruption is a necessary procedure for the purchased, constructed or produced assets that meet the capitalization conditions to reach the preset serviceable state or marketable state, the borrowing costs shall continue to be capitalized. The borrowing costs incurred during such period are recognized as current profit or loss, and capitalization of borrowing costs continues when the construction or production activities of the asset resume.

4) Calculating methods for capitalization amount of borrowing costs

Interest expenses of specific borrowings (net of interest income from unutilized borrowings deposited in banks or investment income from temporary investments) and supplementary expenses shall be capitalized before the acquired and constructed or produced assets qualified for capitalization meet the expected serviceable or merchantable conditions.

The interest amount that shall be capitalized on general borrowings is calculated based on the weighted average of expenses of the aggregate asset exceeding the expenses of the portion of specific borrowings multiplied by the capitalization ratio of the general borrowings utilized. The capitalization rate will be determined based on the weighted average interest rate of general borrowings.

As for borrowings with discounts or premiums, the amortization amount of such discounts or premiums on borrowings of each accounting period as well as adjustment of interest amount of each period shall be determined in accordance with the effective interest method.

27. Biological assets

N/A.

28. Oil and gas assets

N/A.

29. Right-of-use assets

The Company's right-of-use assets are initially measured at cost, including:

- (1)Initial measurement amount of lease liabilities;
- (2)The amount of lease payment made on or before the commencement date of lease term, net of relevant amount of used lease incentives (if any);
- (3)The initial direct expenses incurred by the Company;
- (4)Costs expected to be incurred to disassemble and remove the leased assets, restore the premises where the leased assets are located or restore the leased assets to the conditions as agreed under the terms of the lease (excluding costs incurred to produce the inventory).

After the commencement date of lease term, the Company will conduct subsequent measurement of right-of-use assets using cost model.

Where it is reasonably certain that the ownership of the leased assets can be obtained at the expiry of lease term, the leased assets shall be depreciated by the Company over its remaining service life. Where the ownership of leased asset cannot be reasonably

determined by the expiration of the leasing period, the Company shall accrue the depreciation within the shorter of the lease period and the remaining service life of the leased assets. For right-of-use assets where impairment reserve is withdrawn, impairment reserve will be provisioned with reference to the above principle at book value after impairment reserve is deducted in future periods.

30. Intangible assets

(1) Pricing method, service life, and impairment test

1) Initial measurement of intangible assets

An intangible asset refers to an identifiable non-monetary asset without physical substance owned or controlled by the Company, including land use right, software, trademark right, patented technology, talent housing sublease right, etc.

Costs of purchased intangible assets include purchase prices, relevant taxes and other expenditures directly attributable to such assets for intended purposes. Where the payment of purchasing prices of intangible assets is delayed beyond the normal credit conditions, which is of financing intention, the costs of intangible assets are determined on the basis of the present value of the purchasing prices.

As for the intangible assets acquired from the debtor in debt restructuring for the purpose of settlement of debt, the fair value of the intangible assets shall be based to determine the entry value. The difference between the book value of restructured debt and the fair value of the intangible assets used for settlement of debt shall be recorded in current profit or loss.

The entry value of intangible asset received in an exchange for non-monetary asset is based on the fair value of the asset surrendered, provided that the asset received in exchange for non-monetary asset has a commercial substance and the fair value of both the asset received and the asset surrendered can be reliably measured, except there is definite evidence that the fair value of the asset received is more reliable. For non-monetary asset exchange that cannot satisfy the above conditions, the book value and relevant taxes payable of the assets surrendered shall be the cost of the intangible assets received and no profit or loss is recognized.

For the intangible asset acquired through business consolidation by merger under the same control, the entry value is determined by the book value of the combined party; for the intangible asset acquired through business consolidation by combining party not under the same control, the entry value is determined by the fair value of the intangible asset.

Costs of internally developed intangible assets include materials used for development of these intangible assets, labor costs, registration fees, amortization of other patent rights or chartered rights used in the course of development, interest expenses eligible for capitalization and other direct expenses incurred before such intangible assets ready for intended purposes.

2) Subsequent measurement of intangible assets

The Company determines the service life of intangible assets on acquisition, which are classified as intangible assets with limited service life and uncertain service life.

(1) Intangible assets with definite service life

Intangible assets with limited service life shall be amortized with the straight-line method within the period when economic benefits are brought to the enterprise. Estimated service life and basis of intangible assets with definite service life is as follows:

Item	Estimated service life	Basis
Land use right	Service life specified in land use certificate	Principle of the lower of contract provisions and legal provisions
Software	5	Period of intangible assets bringing economic benefits to the Company
Trademark right	5	Period of intangible assets bringing economic benefits to the Company
Patented technology	5	Period of intangible assets bringing economic benefits to the Company
Talent housing sublease right	Note	Period of intangible assets bringing economic benefits to the Company

Note: According to Article 10 of Sales Contract of Public Rental Housing for Enterprise Talents in Bao'an District, Shenzhen: In one of the following circumstances, the Buyer shall apply for repurchase to the Seller after purchasing the Property: (1) the enterprise domicile has been removed from Bao'an; (2) the enterprise is bankrupt; (3) the Property purchased needs to be transferred; (4) the Property is disposed of due to the mortgage of the bank; (5) the Property is enforced by the court due to economic disputes; (6) it needs to be repurchased in case of violation of relevant regulations and laws, rules and normative documents.

Article 11: After purchasing the Property, the Buyer only enjoys the limited property right and management in accordance with Detailed Rules on Distribution Management of Talent Housing in Bao'an. In one of the following circumstances: (1) the Property is purchased by fraud, intentional concealment and other acts; (2) illegal activities are undertaken using the Property; (3) the Property is reconstructed or the purpose and function thereof is altered without authorization; (4) the Property is transferred or mortgaged without permission; (5) the Property is exchanged or gifted without authorization; (6) severe damage is made to the Property due to intentional or serious mistakes; (7) the Property is leased to unqualified persons; (8) employees who sublease or lend the Property against the regulations are not investigated and handled; (9) repurchase is not applied when Article 10 of the Measures requires such application; (10) there is failure to live in the Property for more than 6 consecutive months without proper reasons; (11) others against relevant provisions on housing security, the Seller shall repurchase the Property purchased by the Buyer.

Article 12: In case of repurchase, both parties shall sign a repurchase agreement, and the Seller shall repurchase at the following prices:

(1) The housing repurchase price is the original purchase price of the Contract within 10 years (inclusive) upon the effective date of the Contract; for more than 10 years, repurchase price = original purchase price * [1-depreciation factor*(years of purchase-10)]. The depreciation factor is calculated by the annual depreciation rate of 1.4%, and the length of purchase is calculated from the effective date of the Contract to the repurchase date, 1 month for more than 15 days (inclusive), and 0.5 months for less than 15 days.

(2) The Seller shall not compensate the Buyer for all expenses for fit-up, decoration and the non-removable part adhered to the housing main body after purchasing the house.

According to relevant provisions of Sales Contract of Public Rental Housing for Enterprise Talents in Bao'an District, Shenzhen, the Company has no right to dispose of the purchased talent housing, and cannot obtain the earnings from the housing, but only enjoys the distribution right and the right to collect the rent; What the Company purchases is a housing sublease right, so the paid house payment is recognized as an intangible asset which is not to be amortized within 10 years, and to be amortized at the annual amortization rate of 1.4% in case of more than 10 years.

The service life and depreciation method of the intangible asset with limited service life are re-assessed at the end of each period. If there is any variance from the original estimate, corresponding adjustments are made.

After re-assessment, there were no differences found between the service life and amortization method of the intangible asset at the end of the current period and those estimated in the previous period.

(2) Intangible assets with indefinite service life

If it is impossible to foresee the period in which the intangible assets will bring economic benefits to the enterprise, they shall be regarded as intangible assets with indefinite service life.

After re-assessment, there were no intangible assets with indefinite service life at the Company at the end of the reporting period.

(2) Internal R&D expenditure accounting policy

Specific standards for distinguishing research stage from development stage of the Company's internal R&D projects

Research stage: The period during which planned investigation and research activities with originality are conducted by the Company in order to obtain and understand innovative scientific or technical knowledge.

Development stage: The period during which the Company applies the research results or other knowledge in a plan or design before commercial manufacturing or service in order to produce new materials, equipment and products or those with substantial improvement.

Expenditure in research stage is included in current profit or loss upon occurrence.

Specific standards for expenditures eligible for capitalization during development stage

The expenditures of internal R&D projects in development stage are recognized as intangible asset if all of the following conditions are met:

- (1) It is technically feasible to finish intangible assets for use or sale;
- (2) It is intended to finish and use or sell the intangible assets;
- (3) The marketability of means for generating economic benefits, either the products produced applying this intangible asset or the intangible asset itself or the usefulness of intangible assets intended for in-house use can be proved;
- (4) Adequate technical and financial resources and other resources are available to support the development of such intangible assets, and the Company is able to use or sell such intangible assets;
- (5) The expenses incurred from developing the intangible asset can be reliably measured.

31. Long-term asset impairment

The Company shall, on the balance sheet date, make a judgment on whether there is any sign of possible long-term assets impairment. In case of signs indicating impairment of long-term assets, recoverable amount will be estimated on the basis of individual asset; If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the asset group will be determined based on the asset group to which the individual asset belongs.

The recoverable amount is determined according to the higher between the net amount after the fair value minus the disposal cost and the present value of the expected future cash flow of the asset.

If the recoverable amount measurement indicates that the recoverable amount of an long-term asset is less than its book value, the book value of the long-term asset is written down to its recoverable amount and the amount written down is recognized as assets impairment loss and recognized as current profit or loss, with a corresponding provision for asset impairment. Once any assets impairment loss is recognized, it shall not be reversed in the future accounting periods.

After assets impairment loss is recognized, the depreciation or amortization expense of the impaired asset is adjusted accordingly in future periods so that the adjusted book value of the asset (net of estimated net residual value) is apportioned systematically over the remaining service life of the asset.

For goodwill formed by business combination and intangible assets with infinite service life, impairment test should be carried out every year regardless of whether there is a sign of impairment.

During the impairment test on the goodwill, the book value of goodwill is amortized to the asset group or asset group portfolio which is expected to benefit from the synergy of the business combination. When impairment test is done on corresponding asset groups or portfolio of asset groups that contain goodwill, if there is an indication of impairment in goodwill-related asset groups or portfolio of asset groups, first the impairment test is done on asset groups or portfolio of asset groups that don't include goodwill, and the recoverable amount is calculated and compared with corresponding book value to recognize a corresponding impairment loss. And then the impairment test is done on asset groups or asset group portfolios that includes goodwill, and the Company shall compare the book value of these related asset groups or portfolio of asset groups (including the book value of goodwill that is amortized) with their recoverable amount. If the recoverable amount of corresponding asset groups or portfolio of asset groups is lower than its book value, impairment loss of goodwill is recognized.

32. Long-term deferred expenses

Long-term deferred expenses refer to the expenses which the Company has occurred and shall be amortized in the current and later periods with amortization period exceeding one year. Long-term deferred expenses are amortized with the straight-line method by stages over the benefit period.

33. Contract liabilities

The Company presents the obligation of transferring goods to customers due to consideration received or receivable as the contract liabilities.

34. Employee remuneration

(1) Accounting treatment method for short-term remuneration

The short-term remuneration refers to all the employee remuneration payable by the Company to its employees within 12 months after the end of annual reporting period in which the employees provide relevant services, other than post-employment benefits and dismissal benefits. The Company recognizes short-term remuneration payable as liabilities during the accounting period when the employees provides services, and includes them in costs and expenses of relevant assets according to the beneficial parties of such services.

(2) Accounting treatment method of post-employment benefits

The post-employment benefits refer to various kinds of remuneration and benefits granted by the Company to the employees for their provision of services upon retirement or release of employment, other than short-term remuneration and dismissal benefits.

The Company's post-employment benefits plan includes defined contribution plan and defined benefit plan.

The defined contribution plan under the post-employment benefits mainly refers to participation in the social basic endowment insurance and unemployment insurance organized and carried out by local labor and social guarantee authorities. During the accounting period when the employees provide services for the Company, the deposit amount payable calculated by the defined contribution plan is recognized as the liability and included in current profit or loss or related capital cost.

The Company has no other payment obligations after making the above-mentioned payment periodically according to the standards specified by the state and pension plans.

(3) Accounting treatment method for dismissal benefits

The dismissal benefits refer to the compensation given by the Company to the employees for severing the labor relations with them before expiration of the labor contract, or encouraging the employees to voluntarily accept cutdown, and when the Company fails to unilaterally withdraw the plan for severing labor relations or cutdown suggestions, and recognizes the cost and expense related to reorganization involving payment for dismissal benefits, whichever is earlier, the Company recognizes the liabilities arising from the compensation given for severing the labor relations with the employees, and meanwhile includes them in current profit or loss.

The Company provides early retirement benefits to employees who accept internal retirement arrangements. Early retirement benefits refer to wages, social insurance premiums, etc. paid to employees who have not reached the compulsory retirement age stipulated by the state, and voluntarily quit their jobs with the approval of the Company's management. The early retirement benefits are made by the Company to the early retirement employees from the date of early retirement arrangement to the normal retirement age. For the early retirement benefits, the Company performs accounting treatment according to the dismissal benefits, and when the relevant recognition conditions for dismissal benefits are met, recognizes the wages and social insurance premium to be paid to the retired employees from the date when they stop providing services to the normal retirement date as liabilities and include them into current profit or loss all at once. Changes in actuarial assumptions of early retirement benefits and differences caused by adjustment of benefits standards are recognized into current profit or loss when incurred.

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

Other long-term employee benefits refer to all the employee benefits other than short-term remuneration, post-employment benefits and dismissal benefits.

For other long-term employee benefits qualified for the defined contribution plan, during the accounting period when the employees provide services for the Company, the deposit amount payable is recognized as liabilities and included in current profit or loss or relevant asset costs; In any other circumstance, the other long-term employee benefits are calculated by independent actuary with the expected accumulative benefit unit method on the balance sheet date, and the benefit obligations arising from the defined benefit plan are attributable to the period when the employees provide services, and included in the current profit or loss or relevant asset costs.

35. Lease liabilities

Lease liabilities are initially measured at the present value of lease payment outstanding as at the commencement of lease term. At the time of calculating the present value of the lease payments, the Company uses the interest rate implicit in lease as the discount rate. If the interest rate implicit in lease cannot be determined, the incremental borrowing rate of the lessee is used as the discount rate. Lease payment includes:

- (1) fixed payment and de facto fixed payment after deducting lease incentive related amounts;
- (2) variable lease payments that depend on an index or rate;
- (3) in case where the Company reasonably determines to exercise the option, lease receipts include exercise price for call option;
- (4) in case where the lease period reflects that the Company will terminate the lease option, lease payments include amount to be paid for the termination of the lease option;
- (5) expected payable amount based on secured residual value provided by the Company.

The Company calculates interest expense of lease liabilities in each period of lease term at fixed discount rate and recognizes into current profit or loss or relevant asset costs.

Variable lease payments that are not included in the measurement of lease liabilities are included in the current profit or loss or related asset costs when actually incurred.

36. Estimated liabilities

- 1) Recognition criteria of estimated liabilities

Obligations related to contingencies shall be recognized as estimated liabilities by the Company when the following conditions are satisfied simultaneously:

The obligation is the current obligation of the Company;

It is likely to cause any economy benefit to flow out of the Company as a result of performance of the obligation;

The obligation could be reliably measured.

2) Measurement method of estimated liabilities

Estimated liabilities of the Company are initially measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation.

When determining the best estimate number, the Company will comprehensively consider the factors that are related to the contingencies such as risks, uncertainties and the time value of money. If there is a significant impact on the time value of money, the best estimate shall be determined after discounting the relevant future cash outflow.

The best estimate shall be handled as follows:

If there is a successive range (or interval) for the necessary expenses and if all the outcomes within the range are equally likely to occur, the best estimate shall be determined in accordance with the middle estimate within the range, which is the average of upper and lower limits.

The expenses required do not have a successive range (or interval), or although there is a successive range (or interval), the possibilities of occurrence of different result are not the same, if the contingency is related to individual item, the best estimate should be determined as the most likely amount; where the contingency is related to a number of items, the best estimate should be calculated and determined according to the possible results and the relevant possibilities.

If all or part of the expenditure required for settling the estimated liabilities of the Company is expected to be compensated by a third party, the remuneration amount may be separately recognized as an asset only when it is virtually certain that the remuneration can be received and the remuneration amount recognized shall not exceed the book value of the estimated liabilities.

37. Share-based payment

1) Types of share-based payment

Share based payments consist of equity-settled share-based payment and cash-settled share-based payment.

2) Determination method of fair value of equity instruments

For equity instruments such as granted option with active market, fair value will be determined according to quotation in such active market. For such equity instruments as the granted option without active market, its fair value shall be determined using the

option pricing model, and the selected option pricing model shall take the following factors into consideration: (1) the exercise price of the option; (2) validity period of the option; (3) current price of underlying shares; (4) expected fluctuation rate of share price; (5) the expected dividend of the share; (6) the risk-free interest rate of the option within the validity period.

For the purpose of determining fair value on granting date of equity instruments, consideration is given to impact of market conditions and non-vesting conditions as prescribed in vesting conditions in the share-based payment agreement. If there is a non-vesting condition in share-based payment, cost expenses attributable to services received can be recognized provided that employees or other parties satisfy all the non-market conditions in vesting conditions (such as service term).

3) Basis for determining the best estimate of exercisable equity instruments

On each balance sheet date in the waiting period, the best estimate is made according to the latest changes in the number of vesting employees and other follow-up information, and the estimated number of exercisable equity instruments is corrected. On the vesting date, the number of the exercisable equity instruments that is of ultimate estimation is the same as the actual number of the exercisable equity instruments.

4) Accounting treatment method

Equity-settled share-based payments are measured at the fair value of the equity instruments granted to employees. After the grant, the equity-settled share-based payment where the right can be immediately exercised shall be included in the relevant costs or expenses in accordance with the fair value of the equity instrument at the grant date, and the capital reserve shall be increased accordingly. For instruments for which exercise is conditional upon completion of service in vesting period or satisfaction of required results, services received in current period are included in relevant costs or expenses and capital reserve at the fair value of the equity instrument as of the date of grant based on the best estimate of the numbers of exercisable equity instruments on each balance sheet date during the vesting period. After the vesting date, no adjustment will be made to the confirmed related costs or expenses and the total amount of owner's equity.

The cash-settled share-based payment is measured at the fair value of the liability calculated based on shares or other equity instrument of the Company. After the grant, the cash-settled share-based payment where the right can be immediately exercised shall be included in the relevant costs or expenses in accordance with the fair value of the liabilities assumed by the Company at the grant date, and the liabilities shall be increased accordingly. For the cash-settled share-based payment where the right may not be exercised until completing the service within the waiting period or meeting the specified performance conditions, the services obtained in the current period shall be included in the relevant costs or expenses and corresponding liabilities on each balance sheet date within the waiting period based on the best estimate of the vesting conditions and the fair value of liabilities assumed by

the Company. On each balance sheet date and settlement date prior to the settlement of relevant liabilities, the fair value of the liabilities will be re-measured, with any changes recorded in the current profit or loss.

If the granted equity instrument is canceled during the waiting period, the Company will treat the cancellation of the granted equity instrument as accelerated exercise, and will immediately include the remaining amount which shall be recognized in the waiting period into the current profit or loss, with the capital reserve recognized. Where the employees or other parties have rights to choose to meet non-vesting conditions but fails within the waiting period, the Company may treat it as the cancellation of the equity instrument granted.

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

The Company classifies a financial instrument or its components into financial liabilities or equity instruments at initial recognition according to the criteria for financial instruments, the contract provisions for issuing financial instruments such as preferred shares and perpetual bonds, and the economic essence reflected by them, instead of merely their legal forms, based on the definitions of financial liability and equity instrument:

1) The issued financial instruments are classified into financial liabilities if any of the following conditions is met:

- (1) The contractual obligations of delivering cash or other financial assets to other parties;
- (2) The contractual obligations of exchanging financial assets or financial liabilities with other parties under potentially unfavorable conditions;
- (3) The non-derivative contract under which settlement shall or may be made with the Company's own equity instruments in the future and the Company shall deliver variable quantity of its own equity instruments;
- (4) The derivative contract under which settlement shall or may be made with the Company's own equity instruments in the future, other than the derivative contract under which a fixed quantity of its own equity instruments shall be exchanged for a fixed amount of cash or other financial assets.

2. The issued financial instruments are classified into equity instruments if all the following conditions are met:

- (1) Such financial instruments do not include contractual obligations of paying cash or other financial assets to other parties, or exchanging financial assets or liabilities with other parties under possible adverse conditions;
- (2) Where the financial instrument under which settlement shall or may be made with the Company's own equity instruments in the future, if the financial instrument is not a derivative instrument, it shall not include contractual obligations of delivering the Company's own equity instruments of a variable quantity for settlement; If it is a derivative instrument, the enterprise may only

settle the financial instrument with the Company's own equity instruments of a fixed quantity in exchange of a fixed amount of cash or other financial assets.

3) Accounting treatment method

For financial instruments classified as equity instruments, their interest expenses or dividend distribution shall be taken as the profit distribution by the issuer; their repurchase, cancellation, etc., shall be deemed as equity change, with charges, commissions and other transaction expenses to be deducted from the equity.

For financial instruments classified as financial liabilities, their interest expense or dividend distribution is taken as borrowing costs in principle, and gain or loss from their repurchase or redemption is recorded in current profit or loss, with charges, commissions and other transaction expenses booked in the initially measured amount of the instruments issued.

39. Income

Accounting policies used for income recognition and measurement

The Company mainly derives income from testing services.

1) General principle for revenue recognition

When the Company fulfills the performance obligation in the contract, i.e. the customer receives the right of control over related goods or services, the income is recognized according to the transaction price that is allocated to such performance obligation.

Performance obligation refers to the commitment of the Company to transfer specifically identifiable goods or services to the customer in the contract.

To obtain control over relevant goods means the ability to direct the use of such goods and to receive almost all economic benefits.

The Company assesses the contract from the start date of the contract and recognizes each individual performance obligation included by the contract, and determines whether each individual performance obligation will be fulfilled during a certain period or at a certain time point. Those meeting one of the following conditions are deemed as the performance obligation during a certain period of time. For those, the Company recognizes income in a certain period of time based on the performance progress:

(1) the customer receives the economic benefit arising from consumption at the same time when the Company performs the contract; (2) the customer can control goods in progress during the process of contract performance by the Company; (3) goods arising from contract performance by the Company have irreplaceable purposes, and the Company is entitled to receive payment for accumulatively completed performance proportion to date throughout the contract term. Or, the Company recognizes income upon the customer acquires control over the relevant goods or services.

For the performance obligation to be fulfilled in a certain period, the Company, depending on the nature of the goods and services, adopts the output method/input method to determine proper progress in performance. Output method is to determine the progress in performance based on the value to the customer of the goods transferred to the customer (Input method is to determine the progress in performance based on the investment by the Company to the performance obligation). If the performance progress cannot be determined reasonably and the costs incurred by the Company are expected to be compensated, the income will be recognized according to the costs incurred until the performance progress is determined reasonably.

2) Specific method for revenue recognition

The Company is mainly engaged in sample tests and item-based tests in such fields as trade assurance, consumer goods, industrial products, life science, pharma and clinical services. 1. Recognition of income from sample tests needs to meet the following conditions: After the provided test service is completed, and the test report is delivered to the customer, the realization of the operating income is recognized. 2. Recognition of income from item-based tests needs to meet the following conditions: If the Company has income from the provision of technical services for a customer, the realization of the operating income is recognized after the performance obligation is fulfilled; If the Company has income from engineering tests, the realization of the operating income is recognized after the customer takes over the control over the test service.

3) Revenue treatment principles for certain transactions

(1) Contract with sales return clause

When the customer obtains the control over relevant goods, the income will be recognized at the amount of consideration the Company expects to receive when transferring the goods to the customer (excluding the amount which is expected to be refunded if the sales are returned), and the liability will be recognized at the amount which is expected to be refunded if the sales are returned.

The balance of the book value of the goods expected to be returned at the time of selling minus the costs expected to incur in returning the goods (including any depreciation loss in the value of the goods) should be accounted in "return cost receivable".

(2) Contract with quality warranty clause

The Company assesses whether the quality warranty provides an individual service in addition to the customer warranty that the goods sold will meet the agreed standards. Where the Company provides the additional service, such provision is a separate performance obligation and is accounted for according to the new income standards; or the quality warranty liability will be accounted according to accounting standards for contingencies.

(3) Sales contract with additional customer call option

The Company assesses whether the option grants the customer a major right. If a major right is granted, the option is an individual performance obligation to which the transaction price is allocated to. When the customer exercises the option to obtain the control

over relevant goods in the future or the option expires, the income will be recognized. If it is impossible to directly observe the separate selling price associated to the customer's option, the price will be reasonably estimated after any difference between the discounts the customer can get when exercising and not exercising the option, the possibility that the customer exercises the option, and other relevant factors are considered.

(4) IPR license contract granted to customer

The Company assesses whether the IPR license constitutes a separate performance obligation; if it does, the Company will further determine whether it should be performed in a span of time or at a point of time. If a license grants a customer IPRs and the royalty is based on the customer's actual sales or utilization, the income will be recognized when subsequent sales or utilization by the customer occurs actually or The Company fulfills relevant performance obligations.

(5) After-sale repurchase

①Contract imposing a repurchase obligation under forward arrangement with the customer: As the customer does not obtain the control over relevant goods at the time of sales in this circumstance, it will be accounted as if it were a lease or financing transaction. If the repurchase price is lower than the original selling price, a lease transaction will be recognized and it will be accounted according to relevant lease provisions of the Accounting Standards for Business Enterprises; If the repurchase price is not lower than the original selling price, a financing transaction will be recognized, in which case financial liabilities will be recognized upon receipt of the payment from the customer, and the difference between the payment and the repurchase price will be recognized into interest expenses in the repurchase period. If the Company does not exercise the repurchase right upon expiry, financial liabilities will be derecognized upon expiry of the repurchase right, and the income will be recognized.

②Contract granting a repurchase obligation upon the customer's request: If the Company considers that the customer has a major economic motivation, the after-sale repurchase will be assumed as a lease or financing transaction, which should be accounted pursuant to 1); or it should be treated as a sale transaction attached with sales return clause.

(6) Contract with refundable front fee required from customer

The refundable front fee required from the customer at (or near) the beginning of the contract should be included in the transaction price. If the Company considers that the front fee is associated to the transfer of the committed commodities to the customer and that these commodities constitute a separate performance obligation, the income will be recognized as the part of transaction price allocated to these commodities at the time of transfer; If the front fee is associated to the transfer of the committed commodities to the customer but these commodities do not constitute a separate performance obligation, the income will be recognized as the part of transaction price allocated to the separate performance obligation of which these commodities are part when such separate performance obligation is fulfilled. If the front fee is not associated to the transfer of the committed commodities to the customer,

the front fee will be deemed as a prepayment for future transfer of commodities, and the income will be recognized at the time of future transfer of such commodities.

The application of different operation models to the same business results in the differences in accounting policies for income recognition.

N/A.

40. Government grants

1) Type

Government grant refers to free monetary and non-monetary assets obtained by the Company from the government. Government grants are divided into asset-related government grants and income-related government grants according to the subsidy objects clearly stipulated in relevant government documents.

Asset-related government grants are obtained by the Company for the purposes of constructing or forming long-term assets in other ways. Income-related government grant refers to that other than asset-related government grants.

2) Recognition of government grants

Where evidence shows that the Company complies with relevant conditions of policies for financial supports and is expected to receive funds at the end of the period, the amount receivable is recognized as the government grants. Otherwise, the government grants are recognized upon receipt.

In case of monetary asset, the government grants shall be measured according to the amount received or accrued. In case of non-monetary asset, the government grants shall be measured at fair value; If the fair value cannot be obtained reliably, the government grant shall be measured at nominal amount (RMB 1). The government grant measured according to nominal amount shall be directly included in current profit or loss.

3) Accounting treatment method

The Company determines whether a particular type of government grant operation shall be accounted for by means of the gross method or the net method based on the substance of the economic operation. Generally, the Company selects only one accounting method for similar or comparable government grant operations which will apply to such operations consistently.

Asset-related government grants shall be either written off against the book value of the relevant assets or recognized as deferred income. Asset-related government grants are recognized as deferred income, and included by stages into the profit or loss within the service life of the built or purchased asset in a reasonable and systematic way.

Income-related government grants for compensation for relevant expenses or losses in subsequent periods are recognized as deferred income, and included in the current profit or loss or offset against relevant costs in the period of recognition of relevant expenses or losses. Government grants for compensation for incurred relevant expenses or losses are directly included in the current profit or loss or offset against relevant costs.

Government grants related to the daily activities of the enterprise are included in other income or offset against relevant costs.

Government grants unrelated to daily activities of the enterprise will be included in non-operating revenue.

Government grants related to concessional policy loan with discounted interest are used to offset against relevant borrowing costs.

For the loans with preferential policy interest rate provided by the lending bank, the actual amount of loans received shall be taken as the entry value of loans, and the relevant borrowing costs are calculated based on the principal of the loans and the preferential policy interest rate.

If the recognized government grants need to be returned, and the book value of relevant asset is offset in initial recognition, the book value of the asset shall be adjusted. Where there is a balance of related deferred income, the book balance of related deferred income will be offset, and the excess part will be included in the current profit or loss; If there is no relevant deferred income, it shall be directly included in the current profit or loss.

41. Deferred tax assets/deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the differences (temporary differences) arising between the tax bases of assets and liabilities and their book value. On the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates applicable to the period when the asset is recovered or the liability is settled according to estimation.

1) Basis for the recognition of deferred tax assets

The Company recognizes deferred tax assets arising from deductible temporary difference to the extent it is probable to obtain the taxable income that is used for deducting the deductible temporary difference and may carry over the deduction of deductible losses and taxes in the future years. However, the deferred tax assets arising from the initial recognition of assets or liabilities in transactions with the following features are not recognized: (1) This transaction is not business combination; (2) The transaction affects neither the accounting profit nor the taxable income when it happens (or deductible loss) at the time of transaction.

For the deductible temporary differences arising from the investments in associates, the corresponding deferred tax assets may be recognized only when the following conditions are satisfied simultaneously: The temporary differences are likely to be reversed in the foreseeable future and it is likely to obtain the taxable income in the future for deducting the deductible temporary differences.

2) Basis for the recognition of deferred tax liabilities

The Company shall recognize the taxable temporary differences which are payable but not paid in the current period and previous periods as deferred tax liabilities, but excluding:

- (1) Temporary differences resulting from initial recognition of goodwill;
- (2) Transactions or events not arising from business combination, and no temporary difference, whether arising out of the accounting profit or the taxable income (or deductible loss) is affected when the transaction or event occurs;
- (3) For the taxable temporary differences arising from the investments in subsidiaries and associates, the timing of the reversal of the temporary differences can be controlled, and the temporary differences are unlikely to be reversed in the foreseeable future.

3. Deferred tax assets and deferred tax liabilities are presented by the net amount after offset if all the following conditions are met:

- (1) An enterprise has the legal rights to settle the income tax assets and income tax liabilities in the current period by net amount;
- (2) The deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle the current income tax assets and the current income tax liabilities by net amount or to obtain the assets and liabilities simultaneously, in each future period of reversing significant deferred tax assets or liabilities.

42. Lease

(1) Accounting treatment of operating lease

(2) Accounting treatment of finance lease

On the commencement date of the contract, the Company assesses whether the contract serves as the lease or includes the lease. If one party to the contract assigns the right to control one or more identified assets during a certain period in exchange for consideration, such contract is or includes lease.

① Spin-off of lease contracts

If a number of separate leases are contained in one contract, the Company will spin off the contract and make accounting treatment of each lease on an individual basis.

② Consolidation of lease contracts

For the purpose of accounting treatment, two or more contracts made by the Company with the same counterparty or its related parties at the same or similar time will be combined as a contract if any of the following conditions is met:

- (1) the two or more contracts are made on the basis of overall business purpose and constitute a package transaction, which will make it impossible to understand the overall business purpose if they are not taken as a whole;
- (2) the consideration amount of one of the two or more contracts will depend on pricing or performance of other contracts;

(3) asset right-of-use transferred by two or more contracts constitute a single lease as a whole.

③ Accounting treatment where the Company is lessee

On the beginning date of lease term, the Company will recognize right-of-use assets and lease liabilities of lease, except for short-term leases and low-value asset leases where simplified treatment procedures are applied.

(1) Short-term lease and low-value asset lease

Short-term lease refers to a lease where lease term is no more than 12 months and that does not include call option. Low-value asset lease refers to a lease with low value in case where the individual lease asset is new, mainly including lease of low-value assets with an amount no more than RMB 40,000.

The Company chooses not to recognize right-of-use assets and lease liabilities for short-term lease and low-value asset lease, and recognizes relevant lease payment of each period of lease term into current profit or loss or relevant asset costs under straight-line method or other systematically reasonable methods.

Item	Category of lease assets to which simplified treatment is applied
Short-term lease	Housing and buildings, machinery equipment and electronic devices
Low-value asset lease	Machinery equipment and electronic devices

For short-term leases and low-value asset leases other than the above items, the Company will recognize them as right-of-use assets and lease liabilities.

(2) See detailed accounting policies for right-of-use assets and lease liabilities in the Note of 35, 29, V, Section X.

④ Accounting treatment where the Company is lessor

(1) Classification

The Company classifies the lease into finance lease and operating lease on the lease beginning date. A financial lease is a lease that transfers substantially all the risks and returns associated with the ownership of an asset, and its ownership may or may not ultimately be transferred. Operating leases refer to those other than finance leases.

The Company usually classifies a lease as a financial lease in case of one or more of the following circumstances:

- 1) The ownership of the leased asset is transferred to the lessee when the term of lease expires.
- 2) The lessee has the right to choose to purchase the leased asset; the established purchase price is expected to be much lower than the fair value of the leased asset when exercising the right of choice, and hence it can be reasonably determined that the lessee will exercise this right of choice on the lease beginning date.
- 3) Even if the ownership of the assets is not transferred, the lease term covers the major part of the service life of the leased assets.

- 4) On the lease beginning date, current value of lease receipts is nearly equal to fair value of lease assets.
- 5) The leased assets are of a specialized nature that only the lessee can use them without making major modifications.

The Company usually classifies a lease as a finance lease in case of one or more of the following circumstances:

- 1) if the lessee terminates the lease, the resulting loss of the lessor shall be paid by the lessee.
- 2) the gain or loss arising from the fluctuation in the fair value of the residual value of the asset shall be attributable to the lessee.
- 3) the lessee is able to continue the lease to the next period at a rent much lower than the market level.

(2) Accounting treatment of finance lease

On the beginning date of lease term, the Company recognizes finance leases as receivable finance lease payments and derecognizes them finance lease assets.

Upon initial measurement of receivable finance lease payments, the sum of unsecured residual value and the present value of outstanding lease receipts discounted on interest rate implicit in lease on the commencement date of the lease term is used as entry value of receivable finance lease payments. Lease receipts include:

- 1) fixed payment and de facto fixed payment after deducting lease incentive related amounts;
- 2) variable lease payments that depend on an index or rate;
- 3) in case where the lessee reasonably determines to exercise call option, lease receipts include exercise price for call option;
- 4) in case where the lease term reflects that the lessee will terminate the lease option, lease receipts include amount to be paid for the termination of the lease option;
- 5) the residual value of the guarantee provided to the lessor by the lessee, a party related to the lessee and an independent third party with the financial ability to fulfill the guarantee obligation.

The Company calculates and recognizes interest income of each period in the lease period at fixed interest rate implicit in lease, and the resulting variable lease payments that are not included in the measurement of the net lease investment are included in the current profit or loss when actually incurred.

(3) Accounting treatment of operating lease

The Company recognizes the lease receipts from operating leases as rental income using the straight-line method or other systematically reasonable methods for all periods within the lease term. The Company's initial direct costs incurred in connection with operating leases will be capitalized, apportioned over the lease term on the same basis as recognition of rent income, and amortized into current profit or loss. Variable lease payments acquired in connection with operating leases that are not included in the lease receipts are recognized in the current profit or loss when actually incurred.

⑤ After-sale leaseback transaction

If the transfer of asset in after-sale leaseback transaction is classified into sales, the Company will measure the right-of-use asset resulting from the after-sale leaseback at the portion of the original asset's book value related to the right of use obtained by leaseback, and will recognize the related gain or loss only for the right transferred to the lessor. If fair value of sales consideration differs from fair value of asset, or, if the lessor does not charge rent according to market price, the Company will conduct accounting treatment of the excess of market price minus sales consideration as prepaid rent, and excess of sales consideration minus market price as additional financing from lessor to lessee; Meanwhile, the Company will adjust relevant sales gains or losses according to fair value.

If the transfer of asset in after-sale leaseback transaction is not classified into sales, the Company will continue to recognize the transferred assets, and at the same time recognize a financial liability equal to the transfer income.

If the transfer of asset in after-sale leaseback transaction is not classified into sales, the Company will recognize a financial asset equal to the transfer income.

43. Other important accounting policies and accounting estimates

N/A.

44. Significant accounting policy and accounting estimate changes

(1) Significant accounting policy changes

Applicable Not Applicable

Contents and causes of changes in accounting policies	Approval procedure	Remarks
From January 1, 2022, the Company implemented the Interpretation No. 15 of Accounting Standards for Business Enterprises concerning "the accounting treatment of the external sales of products or by-products produced by enterprises before fixed assets are in their intended useable condition or during research and development process "and "the determination of onerous contracts "issued by the Ministry of Finance in 2021.	This is an accounting policy change required by laws, administrative regulations or the national unified accounting system.	(1)
From November 30, 2022, the Company implemented the Interpretation No. 16 of Accounting Standards for Business Enterprises concerning "the accounting treatment of the income tax impact of dividends related to financial instruments classified as equity instruments by the issuer "and "the accounting treatment of enterprises 'modification of cash-settled share-based payment to equity-settled share-based payment "issued by the	This is an accounting policy change required by laws, administrative regulations or the national unified accounting system.	(2)

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(1) Impact of the implementation of Interpretation No. 15 of Accounting Standards for Business Enterprises on the Company

On December 31, 2021, the Ministry of Finance issued the Interpretation No. 15 of Accounting Standards for Business Enterprises (CK [2021] No. 35, hereinafter referred to as the "Interpretation No. 15"). "The accounting treatment of the external sales of products or by-products produced by enterprises before fixed assets are in their intended useable condition or during research and development process "(hereinafter referred to as "trial operation sales") and "the determination of onerous contracts "contained therein came into force from January 1, 2022.

①The accounting treatment of the external sales of products or by-products produced by enterprises before fixed assets are in their intended useable condition or during research and development process

Regarding the trial operation sales that occurred between the beginning of the earliest period reported by the financial statements to which the Interpretation was first applied (i.e., January 1, 2021) to the effective date of the Interpretation (January 1, 2022), the Company shall make retrospective adjustments according to the Interpretation No. 15.

②The determination of onerous contracts

The Company applies the Interpretation No. 15 to contracts under which not all obligations have been fulfilled when the Interpretation No. 15 came into effect (January 1, 2022), and the accumulative impact number adjustment is made for the retained earnings and other related financial statement items at the beginning of the year when the Interpretation No. 15 became effective, but not for the comparative financial statement data in early stages.

The implementation of the Interpretation No. 15 had no material impact on the financial statements on January 1, 2022.

(2) Impact of the implementation of Interpretation No. 16 of Accounting Standards for Business Enterprises on the Company

On November 30, 2022, the Ministry of Finance issued the Interpretation No. 16 of Accounting Standards for Business Enterprises (CK [2022] No. 31, hereinafter referred to as the "Interpretation No. 16"). Among the three accounting treatment items specified in the Interpretation No. 16, "the accounting treatment that exemption from initial recognition does not apply to deferred income tax associated with assets and liabilities arising from a single transaction "came into effect on January 1, 2023, and enterprises are allowed to execute it in advance from the year of release. The Company has not implemented the accounting treatment in advance this year. "The accounting treatment of the income tax impact of dividends related to financial instruments classified as equity instruments by the issuer "and "the accounting treatment of enterprises 'modification of cash-settled share-based payment to equity-settled share-based payment "came into force from the date of release.

①The accounting treatment of the income tax impact of dividends related to financial instruments classified as equity instruments by the issuer

Regarding the financial instruments classified as equity instruments, with dividends payable recognized before January 1, 2022, if such financial instruments had not been derecognized on January 1, 2022, involved income tax impact and had not been treated in accordance with Interpretation No. 16, retrospective adjustments have been made.

②The accounting treatment of enterprises 'modification of cash-settled share-based payment to equity-settled share-based payment

Regarding the transactions that occurred before January 1, 2022 and shall be modified from cash-settled share-based payment to equity-settled share-based payment as specified by the Interpretation No. 16, if such transactions had not been treated in accordance with the Interpretation No. 16, the Company shall make adjustments in accordance with the Interpretation No. 16 - the accumulative impact number adjustment is made for the retained earnings and other related financial statement items on January 1, 2022, but not for the information during the comparable period.

The implementation of the Interpretation No. 16 had no material impact on the financial statements on January 1, 2022.

(2) Significant accounting estimate changes

Applicable Not Applicable

45. Others

N/A.

VI. Taxes

1. Main tax categories and tax rates

Tax category	Basis of taxation	Tax rate
Value-added tax	Output VAT shall be calculated based on revenue arising from goods sales and taxable service mandatory for calculation as required by tax laws, and the balance of it after deducting deductible input VAT of current period is the VAT payable	13%, 9%, 6%, 3%
City maintenance and construction tax	Calculated and collected on the basis of actually paid VAT and consumption tax	7%, 5%, 1%
Enterprise income tax corporate income tax	Calculated and collected on the basis of taxable income	Refer to the notes
Housing property tax	1.2% of the residual value after deducting 30% from the original value of the house property for ad valorem collection	1.2%
Educational surcharges	Calculated and collected on the basis of actually paid VAT and consumption tax	3%
Local education surcharge	Calculated and collected on the basis of actually paid VAT and consumption tax	1%, 2%

If there is a subject of taxation at different enterprise income tax rates, make a disclosure to explain

Name of tax payer	Income tax rate
Centre Testing International Group Co., Ltd.	0.15
Shenzhen CTI Metrology Technology Co., Ltd.	0.15
Shenzhen CTI International Certification Co., Ltd.	0.15
Shenzhen CTI Laboratory Technology Service Co., Ltd.	0.15
Guangdong CTI Judicial Authentication Center	0.2
Shenzhen CTI Training Center	0.2
Shenzhen CTI Institute of Reference Materials	0.2
Shenzhen CTI Reference Materials Research Center Co., Ltd.	0.2
Shenzhen CTI Information Technology Co., Ltd.	0.2
Shenzhen CTI Pest Control Co., Ltd.	0.2
Zhejiang Hua'an Energy Saving Engineering Co., Ltd.	0.2
Zhoushan Jingwei Shipping Service Co., Ltd.	0.2
Hangzhou Hua'an Testing Technology Co., Ltd.	0.2
Ningbo CTI Testing Technology Co., Ltd.	0.15
Hangzhou CTI Testing Technology Co., Ltd.	0.15
Shanghai CTI Pinbiao Testing Technology Co., Ltd.	0.15
Shanghai CTI Pinzheng Testing Technology Co., Ltd.	0.15
Anhui CTI Testing Technology Co., Ltd.	0.15
Nanchang CTI Testing Certification Co., Ltd.	0.2
Ningguo CTI Testing Technology Co., Ltd.	0.2
Shanghai CTI Zhike Materials Technology Co., Ltd.	0.2
Chengdu CTI Testing Technology Co., Ltd.	0.15
Hunan Pinbiao CTI Testing Technology Co., Ltd.	0.15
Sichuan CTI Jianxin Testing Technology Co., Ltd.	0.15
Chengdu Xijiao CTI Rail Transit Technology Co., Ltd.	0.2
Fujian Science Way Testing Co., Ltd. (SW)	0.2
Xiamen CTI Testing Technology Co., Ltd.	0.15
Suzhou CTI Testing Technology Co., Ltd.	0.15
Jiangsu CTI Pinbiao Testing Technology Co., Ltd.	0.15
CTI Biotechnology (Suzhou) Co., Ltd.	0.15
Centre Testing International (Beijing) Co., Ltd.	0.15
Qingdao CTI Testing Technology Co., Ltd.	0.15
Heilongjiang CTI Testing Technology Co., Ltd.	0.15
Centre Testing Electronic Certification Co., Ltd.	0.15
Centre Testing International Pinbiao (Fuzhou) Co., Ltd.	0.2
Dalian Huaxin Physical and Chemical Testing Center Co., Ltd.	0.15
Tianjin CTI Testing Certification Co., Ltd.	0.15
Henan CTI Testing Technology Co., Ltd.	0.15
Beijing CTI Agro-food Certification Co., Ltd.	0.2
Inner Mongolia CTI QC Technology Service Co., Ltd.	0.2
Pinbiao Environmental Technology Co., Ltd.	0.2
Centre Testing International Pinbiao (Liaoning) Co., Ltd.	0.2
Shenyang CTI Testing Technology Co., Ltd.	0.2
Centre Testing International Pinbiao (Guangzhou) Co., Ltd.	0.2
CTI Engineering Testing Co., Ltd.	0.15
Gansu CTI Testing Certification Co., Ltd.	0.2
Guangxi CTI Testing Certification Co., Ltd.	0.2
CTI River Environment Technology (Shenzhen) Co., Ltd.	0.2
Zhongshan CTI Testing Technology Co., Ltd.	0.2
Beijing CTI Excellent Technology Service Co., Ltd.	0.2
Shenzhen CTI Commodity Testing and Survey Co., Ltd.	0.2
Shenzhen CTI Private Equity Fund Management Co., Ltd.	0.2
Shenzhen Taikenilin Technology Development Co., Ltd.	0.2
Shenzhen CTI Medical Laboratory	0.2
Tibet CTI Testing Technology Co., Ltd.	0.2

Guangzhou CTI Testing Certification Technology Co., Ltd.	0.15
Guangzhou CTI Occupational Health Outpatient Department Co., Ltd.	0.2
Guizhou CTI Testing Technology Co., Ltd.	0.2
Yunnan CTI Testing Certification Co., Ltd.	0.15
Kunming CTI Medical Laboratory	0.2
Zhejiang CTI Yuanjian Testing Co., Ltd.	0.2
Zhejiang Huajian Technology Development Co., Ltd.	0.2
Maritec (Shanghai) Co., Ltd.	0.2
Shanghai CTI Biological Technology Co., Ltd.	0.2
How-To Technology (Shanghai) Co., Ltd.	0.2
Suzhou CTI Engineering Testing Co., Ltd.	0.2
Suzhou Wuzhong Economic Development Zone Jiakang Outpatient Department Co., Ltd.	0.2
CTI Guoruan Technical Services (Nanjing) Co., Ltd.	0.2
CTI CSERC (Suzhou) Co., Ltd.	0.2
Jiangxi Yingyong CTI Testing Co., Ltd.	0.2
Beijing CTI Medical Laboratory	0.2
Qingdao CTI Medical Laboratory	0.2
Tianjin CTI Medical Laboratory	0.2
Wuhan Huaxin Physical and Chemical Testing Technology Center Co., Ltd.	0.2
Hebei CTI Testing Services Co., Ltd.	0.2
CTI Hubei Co., Ltd.	0.2
Xinjiang Kerui Testing Technology Co., Ltd.	0.2
Shanghai CTI Aiyuan Medical Testing Institute Co., Ltd.	0.2
CTI Special Equipment Testing (Beijing) Co., Ltd.	0.2
Henan Hucheng Information Technology Co., Ltd.	0.2
Henan CTI Quantong Engineering Testing Co., Ltd.	0.2
Zhengzhou CTI-Medlab Medical Testing Co., Ltd.	0.2
Guangzhou CTI Pinjian Biotechnology Co., Ltd.	0.2
Jilin Anxin Food Technology Service Co., Ltd.	0.2
CTI (Nantong) Automobile Technology Service Co., Ltd.	0.2
Sichuan CTI Testing Technology Co., Ltd.	0.2
CTI Data Certification and Testing (Shenzhen) Co., Ltd.	0.2
Imat (Shenyang) Automotive Technology Co., Ltd.	0.2
Shanghai Imat Automotive Technology Service Co., Ltd.	0.2
Centre Testing International Pte.Ltd.	0.17
CTI U.S. INC.	0.27
CEM International Limited	0.19
POLY NDT (PRIVATE) LIMITED	0.17
MARITEC PTE. LTD.	0.17
Taiwan CTI Testing Technology Co., Ltd.	0.2
Centre Testing International (Hong Kong) Co., Ltd.	0.165
imat-uve gmbh	0.347
IMAT-UVE AUTOMOTIVE TESTING CENTRE (PTY) LTD	0.28
IMAT AUTOMOTIVE TECHNOLOGY SERVICES INC.	0.27
IMAT AUTOMOTIVE TECHNOLOGY SERVICES MEXICO. S. DE R.L. DE C.V.	0.3
CTI-CEM INTERNATIONAL LIMITED	0.125
CTI Germany Management GmbH	0.31925
CTI Germany Holding GmbH & Co. KG	0.31925
Taxpayers other than the above-mentioned	0.25

2. Tax preference

1. The Company

The Company is recognized by the Science and Technology Innovation Committee of Shenzhen Municipality, Finance Commission of Shenzhen Municipality, and Shenzhen Tax Service, State Taxation Administration, as a new and high-tech enterprise under the certificate numbered GR202044201454, dated December 11, 2020 and valid for three years. The Company paid for the enterprise income tax at the tax rate of 15% this year.

2. Shenzhen CTI Metrology Technology Co., Ltd.

Shenzhen CTI Metrology Technology Co., Ltd. is recognized by the Science and Technology Innovation Committee of Shenzhen Municipality, Finance Commission of Shenzhen Municipality, and Shenzhen Tax Service, State Taxation Administration, as a new and high-tech enterprise under the certificate numbered GR202244207375, dated December 19, 2022 and valid for three years. Shenzhen CTI Metrology Technology Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

3. Shenzhen CTI International Certification Co., Ltd.

Shenzhen CTI International Certification Co., Ltd. is recognized by the Science and Technology Innovation Committee of Shenzhen Municipality, Finance Commission of Shenzhen Municipality, and Shenzhen Tax Service, State Taxation Administration, as a new and high-tech enterprise under the certificate numbered GR202044200749, dated December 11, 2020 and valid for three years. Shenzhen CTI International Certification Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

4. Shenzhen CTI Laboratory Technology Service Co., Ltd.

Shenzhen CTI Laboratory Technology Service Co., Ltd. is recognized by the Science and Technology Innovation Committee of Shenzhen Municipality, Finance Commission of Shenzhen Municipality, and Shenzhen Tax Service, State Taxation Administration, as a new and high-tech enterprise under the certificate numbered GR202144200248, dated December 23, 2021 and valid for three years. Shenzhen CTI Laboratory Technology Service Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

5. Guangdong CTI Judicial Authentication Center

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

6. Shenzhen CTI Training Center

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate

income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

7. Shenzhen CTI Institute of Reference Materials

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

8. Shenzhen CTI Reference Materials Research Center Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

9. Shenzhen CTI Information Technology Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

10. Shenzhen CTI Pest Control Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

11. Zhejiang Hua'an Energy Saving Engineering Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

12. Zhoushan Jingwei Shipping Service Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

13. Hangzhou Hua'an Testing Technology Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the

Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

14. Ningbo CTI Testing Technology Co., Ltd.

Ningbo CTI Testing Technology Co., Ltd. is recognized by the Science and Technology Innovation Committee of Ningbo Municipality, Finance Commission of Shenzhen Municipality, and Ningbo Tax Service, State Taxation Administration, as a new and high-tech enterprise under the certificate numbered GR202133100802, dated December 10, 2021 and valid for three years. Ningbo CTI Testing Technology Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

15. Hangzhou CTI Testing Technology Co., Ltd.

Hangzhou CTI Testing Technology Co., Ltd. is recognized by Science and Technology Department of Zhejiang Province, Department of Finance of Zhejiang Province and Zhejiang Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202033002508, dated on December 1, 2020 and valid for three years. Hangzhou CTI Testing Technology Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

16. Shanghai CTI Pinbiao Testing Technology Co., Ltd.

Shanghai CTI Pinbiao Testing Technology Co., Ltd. is recognized by Science and Technology Commission of Shanghai Municipality, and Shanghai Municipal Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202231002847, dated on December 14, 2022 and valid for three years. Shanghai CTI Pinbiao Testing Technology Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

17. Shanghai CTI Pinzheng Testing Technology Co., Ltd.

Shanghai CTI Pinzheng Testing Technology Co., Ltd. is recognized by Science and Technology Commission of Shanghai Municipality, and Shanghai Municipal Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202031005627, dated on November 18, 2020 and valid for three years. Shanghai CTI Pinzheng Testing Technology Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

18. Anhui CTI Testing Technology Co., Ltd.

Anhui CTI Testing Technology Co., Ltd. is recognized by Science and Technology Department of Anhui Province, Department of Finance of Anhui Province, and Anhui Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202234003806, dated on October 18, 2022 and valid for three years. Anhui CTI Testing Technology Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

19. Nanchang CTI Testing Certification Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

20. Ningguo CTI Testing Technology Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

21. Shanghai CTI Zhike Materials Technology Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

22. Chengdu CTI Testing Technology Co., Ltd.

Chengdu CTI Testing Technology Co., Ltd. is recognized by Science and Technology Department of Sichuan Province, Department of Finance of Sichuan Province, and Sichuan Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202251001952, dated on November 2, 2022 and valid for three years. Chengdu CTI Testing Technology Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

23. Hunan Pinbiao CTI Testing Technology Co., Ltd.

Hunan Pinbiao CTI Testing Technology Co., Ltd. is recognized by Science and Technology Department of Hunan Province, Department of Finance of Hunan Province, and Hunan Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202143003644, dated on December 15, 2021. Hunan Pinbiao CTI Testing Technology Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

24. Sichuan CTI Jianxin Testing Technology Co., Ltd.

Sichuan CTI Jianxin Testing Technology Co., Ltd. is recognized by Science and Technology Department of Sichuan Province, Department of Finance of Sichuan Province, and Sichuan Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202151002258, dated on October 9, 2021 and valid for three years. Sichuan CTI Jianxin Testing Technology Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

25. Chengdu Xijiao CTI Rail Transit Technology Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the

enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

26. Fujian Science Way Testing Co., Ltd. (SW)

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

27. Xiamen CTI Testing Technology Co., Ltd.

Xiamen CTI Testing Technology Co., Ltd. is recognized by Science and Technology Department of Xiamen, Department of Finance of Xiamen, and Xiamen Municipal Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202135100065, dated November 3, 2021 and valid for three years. Xiamen CTI Testing Technology Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

28. Suzhou CTI Testing Technology Co., Ltd.

Suzhou CTI Testing Technology Co., Ltd. is recognized by Science and Technology Department of Jiangsu Province, Department of Finance of Jiangsu Province and Jiangsu Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202032002108, dated on December 2, 2020 and valid for three years. Suzhou CTI Testing Technology Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

29. Jiangsu CTI Pinbiao Testing Technology Co., Ltd.

Jiangsu CTI Pinbiao Testing Technology Co., Ltd. is recognized by Science and Technology Department of Jiangsu Province, Department of Finance of Jiangsu Province and Jiangsu Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202032000014, dated on December 2, 2020 and valid for three years. Jiangsu CTI Pinbiao Testing Technology Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

30. CTI Biotechnology (Suzhou) Co., Ltd.

Suzhou CTI Testing Technology Co., Ltd. is recognized by Science and Technology Department of Jiangsu Province, Department of Finance of Jiangsu Province and Jiangsu Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202032003741, dated on December 2, 2020 and valid for three years. CTI Biotechnology (Suzhou) Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

31. Centre Testing International (Beijing) Co., Ltd.

Centre Testing International (Beijing) Co., Ltd. is recognized by Beijing Municipal Science & Technology Commission, Beijing Municipal Bureau of Finance and Beijing Municipal Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202011003279, dated October 21, 2020 and valid for three years. Centre Testing International (Beijing) Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

32. Qingdao CTI Testing Technology Co., Ltd.

Qingdao CTI Testing Technology Co., Ltd. is recognized by Qingdao Municipal Science and Technology Bureau, Qingdao Municipal Bureau of Finance, and Qingdao Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202137100901, dated November 4, 2021 and valid for three years. Qingdao CTI Testing Technology Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

33. Heilongjiang CTI Testing Technology Co., Ltd.

Heilongjiang CTI Testing Technology Co., Ltd. is recognized by Science and Technology Department of Heilongjiang Province, Finance Department of Heilongjiang Province, and Heilongjiang Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202123000845, dated on October 28, 2021 and valid for three years. Heilongjiang CTI Testing Technology Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

34. Centre Testing Electronic Certification Co., Ltd.

Centre Testing Electronic Certification Co., Ltd. is recognized by Science and Technology Department of Henan Province, Department of Finance of Henan Province and Henan Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202241003425, dated on December 1, 2022 and valid for three years. Centre Testing Electronic Certification Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

35. Centre Testing International Pinbiao (Fuzhou) Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

36. Dalian Huaxin Physical and Chemical Testing Center Co., Ltd.

Dalian Huaxin Physical and Chemical Testing Center Co., Ltd. is recognized by Dalian Municipal Science and Technology Bureau, Dalian Municipal Bureau of Finance, and Dalian Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202221201117, dated December 14, 2022 and valid for three years. Dalian Huaxin Physical and Chemical Testing Center Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

37. Tianjin CTI Testing Certification Co., Ltd.

Tianjin CTI Testing Certification Co., Ltd. is recognized by Science and Technology Commission of Tianjin, Department of Finance of Tianjin and Tianjin Municipal Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202112000179, dated October 9, 2021 and valid for three years. Tianjin CTI Testing Certification Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

38. Henan CTI Testing Technology Co., Ltd.

Centre Testing Electronic Certification Co., Ltd. is recognized by Science and Technology Department of Henan Province, Department of Finance of Henan Province and Henan Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202041000261, dated on September 9, 2020 and valid for three years. Henan CTI Testing Technology Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

39. Beijing CTI Agro-food Certification Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

40. Inner Mongolia CTI QC Technology Service Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

41. Pinbiao Environmental Technology Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

42. Centre Testing International Pinbiao (Liaoning) Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit

enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

43. Shenyang CTI Testing Technology Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

44. Centre Testing International Pinbiao (Guangzhou) Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

45. CTI Engineering Testing Co., Ltd.

CTI Engineering Testing Co., Ltd. is recognized by Science and Technology Department of Guangdong Province, Department of Finance of Guangdong Province and Guangdong Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202244010548, dated on December 22, 2022 and valid for three years. CTI Engineering Testing Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

46. Gansu CTI Testing Certification Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the

State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

47. Guangxi CTI Testing Certification Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

48. CTI River Environment Technology (Shenzhen) Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

49. Zhongshan CTI Testing Technology Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

50. Beijing CTI Excellent Technology Service Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

51. Shenzhen CTI Commodity Testing and Survey Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

52. Shenzhen CTI Private Equity Fund Management Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

53. Shenzhen Taikenilin Technology Development Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate

income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

54. Shenzhen CTI Medical Laboratory

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

55. Tibet CTI Testing Technology Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

56. Guangzhou CTI Testing Certification Technology Co., Ltd.

Guangzhou CTI Testing Certification Technology Co., Ltd. is recognized by Science and Technology Department of Guangdong Province, Department of Finance of Guangdong Province and Guangdong Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202144013336, dated on December 31, 2021 and valid for three years. Guangzhou CTI Testing Certification Technology Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

57. Guangzhou CTI Occupational Health Outpatient Department Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the

Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

58. Guizhou CTI Testing Technology Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

59. Yunnan CTI Testing Certification Co., Ltd.

Yunnan CTI Testing Certification Co., Ltd. is recognized by Science and Technology Department of Yunnan Province, Department of Finance of Yunnan Province and Yunnan Provincial Tax Service, State Taxation Administration as a new and high-tech enterprise under the certificate numbered GR202153000572, dated on December 3, 2021 and valid for three years. Yunnan CTI Testing Certification Co., Ltd. paid for the enterprise income tax at the tax rate of 15% this year.

60. Kunming CTI Medical Laboratory

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

61. Zhejiang CTI Yuanjian Testing Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit

enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

62. Zhejiang Huajian Technology Development Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

63. Maritec (Shanghai) Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

64. Shanghai CTI Biological Technology Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

65. How-To Technology (Shanghai) Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the

State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

66. Suzhou CTI Engineering Testing Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

67. Suzhou Wuzhong Economic Development Zone Jiakang Outpatient Department Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

68. CTI Guoruan Technical Services (Nanjing) Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

69. CTI CSERC (Suzhou) Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

70. Jiangxi Yingyong CTI Testing Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

71. Beijing CTI Medical Laboratory

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

72. Qingdao CTI Medical Laboratory

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the

Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

73. Tianjin CTI Medical Laboratory

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

74. Wuhan Huaxin Physical and Chemical Testing Technology Center Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

75. Hebei CTI Testing Services Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

76. CTI Hubei Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit

enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

77. Xinjiang Kerui Testing Technology Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

78. Shanghai CTI Aiyan Medical Testing Institute Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

79. CTI Special Equipment Testing (Beijing) Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit

enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

80. Henan Hucheng Information Technology Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

81. Henan CTI Quantong Engineering Testing Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

82. Zhengzhou CTI-Medlab Medical Testing Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

83. Guangzhou CTI Pinjian Biotechnology Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the

State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

84. Jilin Anxin Food Technology Service Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

85. CTI (Nantong) Automobile Technology Service Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

86. Sichuan CTI Testing Technology Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

87. CTI Data Certification and Testing (Shenzhen) Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

88. Imat (Shenyang) Automotive Technology Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

89. Shanghai Imat Automotive Technology Service Co., Ltd.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), for the part of the small low-profit enterprise with the annual taxable income of no more than RMB 1 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%; In addition, according to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), on the basis of the above preferential policies, the corporate income tax will be halved again - valid from January 1, 2021 to December 31, 2022; According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policies for Small and Micro Enterprises (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the small low-profit enterprise with the annual taxable income between RMB 1 million and RMB 3 million, 25% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

3. Others

N/A.

VII. Notes to items in the consolidated financial statements

1. Monetary fund

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	42,956.74	221,707.84
Bank deposit	1,576,848,122.89	1,143,589,340.87
Other monetary funds	24,678,706.02	19,383,062.91
Total	1,601,569,785.65	1,163,194,111.62
Including: Total amount of overseas deposits	131,681,175.24	136,094,248.90
Total amount of funds in use limitation due to mortgage, pledge or freeze, etc.	26,900,637.94	22,061,288.73

Other remarks:

The restricted monetary funds are in detail as follows:

Item	Ending balance	Beginning balance
Bidding security	97,500.00	364,000.00
Performance security	18,311,865.89	17,591,455.70
Time deposits or call deposits	153,157.80	139,348.61
Advance payment letter of guarantee	2,932,496.00	528,000.00
Security for letter of credit	2,669,114.25	
Others	2,736,504.00	3,438,484.42
Total	26,900,637.94	22,061,288.73

2. Financial assets held for trading

Unit: RMB

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss		420,840,936.13
Including:		
Bank wealth management products		420,840,936.13
Including:		
Total		420,840,936.13

Other remarks:

3. Derivative financial assets

Unit: RMB

Item	Ending balance	Beginning balance
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Other remarks:

4. Notes receivable

(1) Classified presentation of notes receivable

Unit: RMB

Item	Ending balance	Beginning balance
Bank's acceptance bills	18,953,226.22	8,930,289.03
Commercial acceptance bills	3,660,073.60	965,604.15
Total	22,613,299.82	9,895,893.18

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Percentage	Amount	Percentage of provision		Amount	Percentage	Amount	Percentage of provision	
Including:										
Notes receivable with provision for bad debt reserve by portfolio	23,471,157.13	100.00%	857,857.31	3.65%	22,613,299.82	10,891,775.59	100.00%	995,882.41	9.14%	9,895,893.18
Including:										
Bank's acceptance bills	19,618,448.08	83.59%	665,221.86	3.39%	18,953,226.22	9,833,873.85	90.29%	903,584.82	9.19%	8,930,289.03
Commercial acceptance bill	3,852,709.05	16.41%	192,635.45	5.00%	3,660,073.60	1,057,901.74	9.71%	92,297.59	8.72%	965,604.15
Total	23,471,157.13	100.00%	857,857.31	3.65%	22,613,299.82	10,891,775.59	100.00%	995,882.41	9.14%	9,895,893.18

Provision for bad debt reserves by portfolio: 857,857.31

Unit: RMB

Name	Ending balance		
	Book balance	Bad-debt provision	Percentage of provision
Bank's acceptance bills	19,618,448.08	665,221.86	3.39%
Commercial acceptance bill	3,852,709.05	192,635.45	5.00%
Total	23,471,157.13	857,857.31	

Notes on basis for determining the portfolio:

N/A.

For provision for bad debt reserves of the notes receivable by the general model of the expected credit loss, relevant information of bad debt reserves is disclosed based on the disclosure method of other receivables:

Applicable Not Applicable

(2) Bad debt provision, and its recovery or reversal in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Recovered or returned	Write-off	Others	
Notes receivable with provisions for expected credit loss as per the portfolio (banker acceptance bill)	903,584.82		246,363.59		8,000.63	665,221.86
Notes receivable with provisions for expected credit loss as per the portfolio (commercial acceptance bill)	92,297.59	100,337.86				192,635.45
Total	995,882.41	100,337.86	246,363.59		8,000.63	857,857.31

The recovered or reversed bad debt reserves with significant amounts in the current period:

Applicable Not Applicable

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

Unit: RMB

Item	Pledged amount at the end of the period

(4) Notes receivable endorsed or discounted by the Company at the end of the period and yet undue by the balance sheet date

Unit: RMB

Item	Ending amount derecognized	Ending amount not derecognized
Bank's acceptance bills	13,994,663.01	
Total	13,994,663.01	

(5) Notes transferred to accounts receivable by the Company due to drawer's non-performance at the end of the period

Unit: RMB

Item	Amount transferred into accounts receivable at the end of the period

Other remarks:

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

Unit: RMB

Item	Written-off amount

Write-off of major notes receivable:

Unit: RMB

Company name	Nature of notes receivable	Written-off amount	Reason for write-off	Performed write-off procedures	Generated due to related party transactions or not
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Notes receivable write-off:

5. Accounts receivable

(1) Classified disclosure of accounts receivable

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Percentage	Amount	Percentage of provision		Amount	Percentage	Amount	Percentage of provision	
Accounts receivable with provision for bad debt reserves by individual item	8,932,944.27	0.57%	8,796,750.25	98.48%	136,194.02	4,481,068.83	0.39%	4,481,068.83	100.00%	
Including:										
Accounts receivable with provision for bad debt reserve by portfolio	1,547,680,126.18	99.43%	158,980,934.34	10.27%	1,388,699,191.84	1,140,266,584.29	99.61%	116,839,832.01	10.25%	1,023,426,752.28
Including:										
Aging portfolio	1,547,680,126.18	99.43%	158,980,934.34	10.27%	1,388,699,191.84	1,140,266,584.29	99.61%	116,839,832.01	10.25%	1,023,426,752.28
Total	1,556,613,070.45	100.00%	167,777,684.59	10.78%	1,388,835,385.86	1,144,747,653.12	100.00%	121,320,900.84	10.60%	1,023,426,752.28

Provision for bad debt reserves by individual item: 8,796,750.25

Unit: RMB

Name	Ending balance			
	Book balance	Bad-debt provision	Percentage of provision	Reason for provision
Baoneng (Guangzhou) Automobile Research Institute Co., Ltd.	1,622,140.00	1,622,140.00	100.00%	Possibly not recoverable
Ningbo Ta'ao Ditong Auto Parts Co., Ltd.	1,169,074.00	1,169,074.00	100.00%	Possibly not recoverable
Wuhan Sunac Foundation Investment Holding Co., Ltd.	703,072.91	703,072.91	100.00%	Possibly not recoverable
Sunac Southwest Real Estate Development (Group) Co., Ltd.	596,718.96	596,718.96	100.00%	Possibly not recoverable

Guangzhou Evergrande Decoration Design Institute Co., Ltd.	570,248.17	570,248.17	100.00%	Possibly not recoverable
Accounts receivable with provision by individual item with book balance no more than RMB 500,000	4,271,690.23	4,135,496.21	96.81%	Possibly not recoverable
Total	8,932,944.27	8,796,750.25		

Provision for bad debt reserves by portfolio: 158,980,934.34

Unit: RMB

Name	Ending balance		
	Book balance	Bad-debt provision	Percentage of provision
< 1 year	1,336,503,818.47	66,027,742.45	4.94%
1-2 years	131,127,093.18	38,292,180.66	29.20%
2-3 years	48,993,698.90	23,605,495.60	48.18%
> 3 years	31,055,515.63	31,055,515.63	100.00%
Total	1,547,680,126.18	158,980,934.34	

Notes on basis for determining the portfolio:

N/A.

For provision for bad debt reserves of the accounts receivable by the general model of the expected credit loss, relevant information of bad debt reserves is disclosed based on the disclosure method of other receivables:

Applicable Not Applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
≥1 year	1,339,134,677.64
1-2 years	134,478,044.00
2-3 years	49,643,275.71
> 3 years	33,357,073.10
3-4 years	16,274,470.19
4-5 years	9,705,135.20
> 5 years	7,377,467.71
Total	1,556,613,070.45

(2) Bad debt provision, and its recovery or reversal in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Recovered or returned	Write-off	Others	
Accounts receivable with provision for bad	4,481,068.83	5,514,926.13	265,162.58	934,082.13		8,796,750.25

debt reserves by individual item						
Accounts receivable with provision for bad debt reserve by portfolio	116,839,832.01	47,856,508.12		6,721,073.10	1,005,667.31	158,980,934.34
Total	121,320,900.84	53,371,434.25	265,162.58	7,655,155.23	1,005,667.31	167,777,684.59

The recovered or reversed bad debt reserves with significant amounts in the current period:

Unit: RMB

Company name	Recovered or returned amount	Recovery method
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(3) Accounts receivable actually written off in the current period

Unit: RMB

Item	Written-off amount
Accounts receivable actually written off	7,655,155.23

Write-off of major accounts receivable:

Unit: RMB

Company name	Nature of accounts receivable	Written-off amount	Reason for write-off	Performed write-off procedures	Generated due to related party transactions or not
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Accounts receivable write-off:

(4) Top five debtors with the biggest ending balances of accounts receivable

Unit: RMB

Company name	Ending balance of accounts receivable	As a percentage of the total ending balance of accounts receivable	Ending balance of provision for bad debts
Guangzhou Testing Center of Construction Quality and Safety Co., Ltd.	20,000,288.66	1.28%	1,211,544.65
Health Commission of Jing 'an District of Shanghai	16,889,533.10	1.09%	844,476.66
CETC No. 54 Research Institute	16,324,119.00	1.05%	2,354,135.95
Shenzhen Tongren Maternity Hospital	13,637,595.05	0.88%	681,879.75
Guangzhou Metro Group Co., Ltd.	11,008,419.56	0.71%	571,213.98
Total	77,859,955.37	5.01%	

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

N/A.

(6) Assets and liabilities produced by transfer of accounts receivable and continuous involvement

N/A.

Other remarks:

6. Receivables financing

Unit: RMB

Item	Ending balance	Beginning balance
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Changes in increase/decrease of accounts receivable financing in the current period and changes in fair value

Applicable Not Applicable

For impairment provision for financing of the amounts receivable by the general model of the expected credit loss, relevant information of impairment provision is disclosed based on the disclosure method of other receivables:

Applicable Not Applicable

Other remarks:

7. Advance payment**(1) Advance payments presented by aging**

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Percentage	Amount	Percentage
< 1 year	23,444,746.59	79.28%	27,649,936.25	98.30%
1-2 years	5,735,893.09	19.40%	383,181.01	1.36%
2-3 years	359,540.62	1.22%	52,512.51	0.19%
> 3 years	30,178.70	0.10%	42,779.51	0.15%
Total	29,570,359.00		28,128,409.28	

Reason for failure to timely settle advance payment with an aging of more than 1 year and a significant amount:

Company name	Ending balance	Aging	Reason for untimely settlement
Sichuan Hengshu Bio-Technology Co., Ltd.	4,419,900.00	1-2 years	Business not completed
Total	4,419,900.00		

(2) Top five payers with the biggest ending balances of advance payments

Company name	Ending balance	As a percentage of total advance payment (%)	Time of advance payment	Reason for unsettlement
Sichuan Hengshu Bio-Technology Co., Ltd.	4,419,900.00	14.95	2021	Business not completed
Li Changqing	1,263,816.12	4.27	2022	Unamortized advance payment

Company name	Ending balance	As a percentage of total advance payment (%)	Time of advance payment	Reason for unsettlement
Sinopharm Guangdong Medical Device Supply Chain Co., Ltd.	1,063,877.52	3.60	2022	Business not completed
Suzhou Power Supply Branch of State Grid Jiangsu Electric Power Co., Ltd.	732,967.03	2.48	2022	Business not completed
Shenzhen Huibang Electrical & Mechanical Engineering Co., Ltd.	539,958.00	1.83	2022	Business not completed
Total	8,020,518.67	27.13		

Other remarks:

8. Other receivables

Unit: RMB

Item	Ending balance	Beginning balance
Dividends receivable		609,662.48
Other receivables	63,964,192.90	67,756,066.11
Total	63,964,192.90	68,365,728.59

(1) Interest receivable

1) Classification of interest receivable

Unit: RMB

Item	Ending balance	Beginning balance
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2) Significant overdue interest

Unit: RMB

Borrower	Ending balance	Overdue time	Reason for overdue	Whether impairment occurs and its judgment basis
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Other remarks:

3) Bad debt provision

Applicable Not Applicable

(2) Dividends receivable

1) Classification of dividends receivable

Unit: RMB

Project (or investee)	Ending balance	Beginning balance
Shanghai Fairyland Software Co., Ltd		609,662.48

Total		609,662.48
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2) Significant dividends receivable aging over 1 year

Unit: RMB

Project (or investee)	Ending balance	Aging	Reason for unrecovery	Whether impairment occurs and its judgment basis

3) Bad debt provision

Applicable Not Applicable

Other remarks:

(3) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Nature	Ending book balance	Beginning book balance
Deposit and security	54,739,096.75	56,659,534.15
Suspense payment receivable	12,511,549.97	13,569,838.13
Others	1,128,640.63	3,685,663.56
Total	68,379,287.35	73,915,035.84

2) Bad debt provision

Unit: RMB

Bad-debt provision	Stage I	Stage II	Stage III	Total
	Expected credit loss in next 12 months	Expected credit loss over the entire duration (without credit impairment)	Expected credit loss throughout the entire duration (with credit impairment)	
Balance as at January 1, 2022	5,251,735.17		907,234.56	6,158,969.73
Balance as at January 1, 2022 in the current period				
Provision in the current period	276,278.32			276,278.32
Reversal in the current period			380,444.85	380,444.85
Write-off in the current period	1,658,765.00			1,658,765.00
Other changes	19,056.25			19,056.25
Balance as at December 31, 2022	3,888,304.74		526,789.71	4,415,094.45

Book balance changes with significant changes in loss provisions in the current period

Applicable Not Applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
≥1 year	32,863,472.04
1-2 years	12,965,112.52
2-3 years	10,052,504.52
> 3 years	12,498,198.27
3-4 years	3,904,144.85
4-5 years	3,106,171.27
> 5 years	5,487,882.15
Total	68,379,287.35

3) Bad debt provision, and its recovery or reversal in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Recovered or returned	Write-off	Others	
Other receivables with provision for expected credit loss by individual item	907,234.56		380,444.85			526,789.71
Other receivables with provision for expected credit loss by portfolio	5,251,735.17	276,278.32		1,658,765.00	19,056.25	3,888,304.74
Total	6,158,969.73	276,278.32	380,444.85	1,658,765.00	19,056.25	4,415,094.45

Reversal or recovery of bad debt provisions of major amount in the current period:

Unit: RMB

Company name	Reversed or recovered amount	Recovery method

4) Other receivables actually written off in the current period

Unit: RMB

Item	Written-off amount
Other receivables actually written off	1,658,765.00

Write-off of major other receivables:

Unit: RMB

Company name	Nature of other receivables	Written-off amount	Reason for write-off	Performed write-off procedures	Generated due to related party transactions or not

Other receivables write-off:

5) Top five other receivables of ending balance accumulated by debtors

Unit: RMB

Company name	Nature of the payment	Ending balance	Aging	As a percentage of the total ending balance of other receivables	Ending balance of provision for bad debts
Shenzhen Dingxin Financial Investment Holding Co., Ltd.	Deposit and security	1,974,836.00	< 1 year, 1-2 years, 2-3 years, > 3 years	2.89%	1,000.00
Shanghai Hi-Tech Control System Co., Ltd.	Deposit and security	1,382,342.85	< 1 year, 1-2 years, 2-3 years	2.02%	
Yunnan Administration for Market Regulation	Deposit and security	1,321,900.00	< 1 year	1.93%	
Alaner Corporation Limited	Deposit and security	1,194,810.00	1-2 years	1.75%	
Iberia Electronics (Hangzhou) Co., Ltd.	Deposit and security	890,000.00	< 1 year, 1-2 years	1.30%	
Total		6,763,888.85		9.89%	1,000.00

6) Receivables involving government grants

Unit: RMB

Company name	Name of government grant project	Ending balance	Aging at the end of period	Estimated time, amount and basis of collection

7) Other receivables derecognized due to transfer of financial assets

(8) Assets and liabilities resulting from transfer of other receivables and continuous involvement

Other remarks:

9. Inventories

Whether the Company is required to comply with the disclosure requirements for the real estate industry

No

(1) Classification of inventories

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Inventory depreciation reserves or provision for impairment of	Book value	Book balance	Inventory depreciation reserves or provision for impairment of	Book value

		contract performance cost			contract performance cost	
Raw materials	62,588,844.06		62,588,844.06	41,868,226.06		41,868,226.06
Commodity stocks	4,680,958.01		4,680,958.01	5,195,261.68		5,195,261.68
Contract performance cost	28,875,280.53		28,875,280.53	8,288,851.70		8,288,851.70
Commodity shipped in transit	1,187,045.16		1,187,045.16	22,736.75		22,736.75
Total	97,332,127.76		97,332,127.76	55,375,076.19		55,375,076.19

(2) Inventory depreciation reserves and provision for impairment of contract performance cost

Unit: RMB

Item	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Provision	Others	Reversal or write-off	Others	

(3) Notes on capitalized borrowing costs included in the ending balance of the inventory

N/A.

(4) Notes on the current amortization amount of contract performance cost

N/A.

10. Contract assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Completed but unsettled	152,842,575.71	9,042,222.10	143,800,353.61	145,779,138.52	7,957,727.66	137,821,410.86
Total	152,842,575.71	9,042,222.10	143,800,353.61	145,779,138.52	7,957,727.66	137,821,410.86

Amount of and reason for major changes in the book value of contract assets in the current period:

Unit: RMB

Item	Amount of change	Reason for change
Completed but unsettled	5,978,942.75	Increase in completed but unsettled items
Total	5,978,942.75	—

For provision for bad debt reserves of the contract assets by the general model of the expected credit loss, relevant information of bad debt reserves is disclosed based on the disclosure method of other receivables:

Applicable Not Applicable

Withdrawal of provision for impairment of contract assets in the current period:

Unit: RMB

Item	Provision in the current period	Reversal in the current period	Charge-off/write-off in the current period	Reason
Completed but unsettled	1,080,047.21			
Total	1,080,047.21			

Other remarks:

N/A.

11. Held-for-sale assets

Unit: RMB

Item	Ending book balance	Provision for impairment	Ending book value	Fair value	Estimated disposal cost	Estimated disposal time

Other remarks:

12. Non-current assets maturing within one year

Unit: RMB

Item	Ending balance	Beginning balance
Major/other debt investment		

Major/other debt investment

Unit: RMB

Debt item	Ending balance				Beginning balance			
	Par value	Nominal rate	Real rate	Due date	Par value	Nominal rate	Real rate	Due date

Other remarks:

13. Other current assets

Unit: RMB

Item	Ending balance	Beginning balance
Prepaid enterprise income tax	19,956,663.16	15,141,640.53
Deductible value-added tax	67,353,788.34	62,988,900.33
Wealth management product	452,225,447.82	
Others	213,440.84	215,004.98
Total	539,749,340.16	78,345,545.84

Other remarks:

N/A.

14. Debt investment

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Major debt investment						

Major debt investment

Unit: RMB

Debt item	Ending balance				Beginning balance			
	Par value	Nominal rate	Real rate	Due date	Par value	Nominal rate	Real rate	Due date

Withdrawal of impairment provisions

Unit: RMB

Bad-debt provision	Stage I	Stage II	Stage III	Total
	Expected credit loss in next 12 months	Expected credit loss over the entire duration (without credit impairment)	Expected credit loss throughout the entire duration (with credit impairment)	
Balance as at January 1, 2022 in the current period				

Book balance changes with significant changes in loss provisions in the current period

Applicable Not Applicable

Other remarks:

15. Other debt investments

Unit: RMB

Item	Beginning balance	Accrued interest	Change in fair value in the current period	Ending balance	Cost	Accumulated change in fair value	Accumulated loss provisions recognized in other comprehensive income	Remarks

Significant other debt investments

Unit: RMB

Other debt item	Ending balance				Beginning balance			
	Par value	Nominal rate	Real rate	Due date	Par value	Nominal rate	Real rate	Due date

Withdrawal of impairment provisions

Unit: RMB

Bad-debt provision	Stage I	Stage II	Stage III	Total
	Expected credit loss in next 12 months	Expected credit loss over the entire duration (without credit impairment)	Expected credit loss throughout the entire duration (with credit impairment)	
Balance as at January 1, 2022 in the current period				

Book balance changes with significant changes in loss provisions in the current period

Applicable Not Applicable

Other remarks:

16. Long-term receivables**(1) Long-term receivables**

Unit: RMB

Item	Ending balance			Beginning balance			Range of discount
	Book balance	Bad-debt provision	Book value	Book balance	Bad-debt provision	Book value	

Impairment of bad debt provisions

Unit: RMB

Bad-debt provision	Stage I	Stage II	Stage III	Total
	Expected credit loss in next 12 months	Expected credit loss over the entire duration (without credit impairment)	Expected credit loss throughout the entire duration (with credit impairment)	
Balance as at January 1, 2022 in the current period				

Book balance changes with significant changes in loss provisions in the current period

Applicable Not Applicable**(2) Long-term receivables derecognized due to transfer of financial assets****(3) Assets and liabilities produced by transfer of long-term receivables and continuous involvement**

Other remarks:

17. Long-term equity investment

Unit: RMB

Investee	Beginning balance (book value)	Increase and decrease in the current period								Ending balance (book value)	Ending balance of provision for impairment
		Additional investment	Reduced investment	Investment gains or losses recognized under the equity method	Other comprehensive income adjustments	Other equity changes	Declared distribution of cash dividends or profits	Provision for impairment	Others		
I. Joint ventures											
II. Associates											
Hangzhou Huatai Zhice Equity Investment Partnership (Limited Partnership)	-760.23			760.23							
Xi'an Dongyi Integrated Technology Laboratory Co., Ltd.	10,986,790.17			1,083,252.28						12,070,042.45	
Shenzhen Huacheng Zhihong Specialized Technology	1,527,371.41									1,527,371.41	

Partnership (Limited Partnership)											
Liangduan (Shanghai) Testing Technology Co., Ltd.	204,820.00			-17,810.74						187,009.26	
Shenzhen Huacheng Kangda Investment Partnership (Limited Partnership)	5,928.71									5,928.71	
Suzhou Huahong Ruida Biotechnolog y Center (Limited Partnership)	1,415,000.00		1,415,000.0 0								
Shenzhen Huacheng Junda Technology Service Enterprise (Limited Partnership)	9,181.31		9,181.31								
Zhengjiang Fangyuan Electrical Equipment Testing Co., Ltd.	115,961,211. 71			24,496,020. 88		3,120,000.0 0				137,337,23 2.59	
Shenzhen Dace Junrui Technology Service Enterprise (Limited Partnership)	3,044.92									3,044.92	
Nanjing CTI Medical Technology Service Co., Ltd.	1,185,335.81			-72,111.84						1,113,223.9 7	
Beijing Guoxin Tianyuan Quality Assessment and Certification Co., Ltd.	13,529,227.2 7			1,115,144.3 8						14,644,371. 65	
Shanghai	70,781,013.8			6,189,566.4						76,970,580.	

Fairyland Software Co., Ltd	0		7					27	
Shenzhen Huatou Yichuang No. 1 Enterprise Management Partnership (Limited Partnership)	45,000.00		36.54					45,036.54	
Shenzhen Huatou Yichuang No. 2 Enterprise Management Partnership (Limited Partnership)	45,000.00		58.33					45,058.33	
Shenzhen Huada Data Professional Technology Partnership (limited Partnership)	199,500.00							199,500.00	
Subtotal	215,608,164.88	289,500.00	1,424,181.31	32,794,916.53			3,120,000.00	244,148,400.10	
Total	215,608,164.88	289,500.00	1,424,181.31	32,794,916.53			3,120,000.00	244,148,400.10	

Other remarks:

N/A.

18. Investment in other equity instruments

Unit: RMB

Item	Ending balance	Beginning balance
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Non-tradable equity instrument investment by item in the current period

Unit: RMB

Name	Recognized dividend income	Accumulated gains	Accumulated losses	Amount transferred from other comprehensive incomes to retained earnings	Reason for being measured at fair value through other comprehensive income	Reason for being transferred to retained earnings from other comprehensive income
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Other remarks:

19. Other non-current financial assets

Unit: RMB

Item	Ending balance	Beginning balance
Investment in equity instruments	41,285,037.12	36,143,800.18
Total	41,285,037.12	36,143,800.18

Other remarks:

Details of other non-current financial assets at the end of the period are as follows:

Investee	Book balance				Provision for impairment				Book value	Shareholding in the investee (%)	Cash dividends in the current period
	At the beginning of the year	Increase in the current period	Decrease in the current period	At the end of period	At the beginning of the year	Increase in the current period	Decrease in the current period	At the end of period			
Centre Testing International Clock and Watch Testing Technology (Shenzhen) Co., Ltd.	126,000.00			126,000.00					126,000.00	10.00	
Tianfangbiao Standardization Certification & Testing Co., Ltd.	17,168,000.00	4,205,000.00		21,373,000.00					21,373,000.00	3.56	
Yuangu Equity Investment Partnership (Limited Partnership)	18,849,800.18	1,737,800.00	801,563.06	19,786,037.12					19,786,037.12	10.00	
Total	36,143,800.18	5,942,800.00	801,563.06	41,285,037.12					41,285,037.12		

20. Investment real estate

(1) Investment real estate under the cost measurement mode

Applicable Not Applicable

Unit: RMB

Item	Housing and buildings	Land use right	Construction in progress	Total
I. Original book value				
1. Beginning balance	37,520,910.18			37,520,910.18
2. Increase in the current period				
(1) Outsourcing				
(2) Transfer-in of inventory /fixed assets /construction in progress				
(3) Increase from business combination				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer-out				

4. Ending balance	37,520,910.18			37,520,910.18
II. Accumulated depreciation and accumulated amortization				
1. Beginning balance	4,461,786.99			4,461,786.99
2. Increase in the current period	1,231,241.90			1,231,241.90
(1) Accrual or amortization	1,231,241.90			1,231,241.90
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	5,693,028.89			5,693,028.89
III. Provision for impairment				
1. Beginning balance				
2. Increase in the current period				
(1) Accrual				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance				
IV. Book value				
1. Ending book value	31,827,881.29			31,827,881.29
2. Beginning book value	33,059,123.19			33,059,123.19

(2) Investment real estate under the fair value measurement mode

Applicable Not Applicable

(3) Investment real estate without a certificate of title

Unit: RMB

Item	Book value	Reason for failure to obtain a certificate of title
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Other remarks:

N/A.

21. Fixed assets

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	1,725,607,152.39	1,456,976,877.26
Total	1,725,607,152.39	1,456,976,877.26

(1) Fixed assets

Unit: RMB

Item	Housing and buildings	Decoration of fixed assets	Testing equipment	Office equipment	Transport equipment	Total
I. Original book value:						
1. Beginning balance	615,574,009.74	96,538,955.21	2,215,583,016.96	67,932,584.55	30,031,005.34	3,025,659,571.80
2. Increase in the current period	248,704,682.52	29,646,235.62	299,357,267.33	14,393,328.64	4,166,359.85	596,267,873.96
(1) Acquisition			250,745,812.48	11,762,174.32	3,497,668.89	266,005,655.69
(2) Transfer-in from construction in progress	248,704,682.52	29,646,235.62	3,356,134.52			281,707,052.66
(3) Increase from business combination			42,275,568.72	2,110,974.12	568,348.08	44,954,890.92
(4) Converted difference in foreign currency statements			2,979,751.61	520,180.20	100,342.88	3,600,274.69
3. Decrease in the current period			30,384,899.71	4,082,507.70	2,467,359.64	36,934,767.05
(1) Disposal or scrapping			28,949,033.61	4,082,507.70	2,467,359.64	35,498,900.95
(2) Others			1,435,866.10			1,435,866.10
4. Ending balance	864,278,692.26	126,185,190.83	2,484,555,384.58	78,243,405.49	31,730,005.55	3,584,992,678.71
II. Accumulated depreciation						
1. Beginning balance	65,548,482.59	18,235,260.80	1,414,636,144.43	46,845,066.26	23,417,740.46	1,568,682,694.54
2. Increase in the current period	16,346,496.26	10,002,373.06	282,708,310.28	10,029,233.41	3,400,469.54	322,486,882.55
(1) Accrual	16,346,496.26	10,002,373.06	256,405,428.23	7,691,108.17	2,793,915.68	293,239,321.40
(2) Increase from business combination			23,835,488.09	1,902,650.83	542,534.22	26,280,673.14
(3) Converted difference in foreign currency statements			2,467,393.96	435,474.41	64,019.64	2,966,888.01
3. Decrease in the			25,614,311.75	3,840,353.91	2,329,385.11	31,784,050.77

current period						
(1) Disposal or scrapping			24,978,199.46	3,840,353.91	2,329,385.11	31,147,938.48
(2) Others			636,112.29			636,112.29
4. Ending balance	81,894,978.85	28,237,633.86	1,671,730,142.96	53,033,945.76	24,488,824.89	1,859,385,526.32
III. Provision for impairment						
1. Beginning balance						
2. Increase in the current period						
(1) Accrual						
3. Decrease in the current period						
(1) Disposal or scrapping						
4. Ending balance						
IV. Book value						
1. Ending book value	782,383,713.41	97,947,556.97	812,825,241.62	25,209,459.73	7,241,180.66	1,725,607,152.39
2. Beginning book value	550,025,527.15	78,303,694.41	800,946,872.53	21,087,518.29	6,613,264.88	1,456,976,877.26

(2) Temporary idle fixed assets

Unit: RMB

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remarks

(3) Fixed assets rented out through operating lease

Unit: RMB

Item	Ending book value

(4) Fixed assets without a certificate of title

Unit: RMB

Item	Book value	Reason for failure to obtain a certificate of title
No. 21 Building, Huilongsen Science and Technology Park, Beijing Economic Development Area	25,045,635.03	Due to the change of the purpose of the purchased industrial project, it is impossible to obtain a certificate of title according to the Beijing Economic-Technological Development Zone's approval procedures for property ownership certificates of industrial land
Construction of Guangzhou Certification	139,219,163.48	In process, expected to obtain a certificate

Base Project		of title in 2023
Shanghai Lingang Pujiang Public Rental Housing	30,641,804.56	In process, expected to obtain a certificate of title in 2023

Other remarks:

N/A.

(5) Liquidation of fixed assets

Unit: RMB

Item	Ending balance	Beginning balance
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Other remarks:

22. Construction in progress

Unit: RMB

Item	Ending balance	Beginning balance
Construction in progress	468,579,870.53	360,955,910.73
Total	468,579,870.53	360,955,910.73

(1) Construction in progress

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Setting up China Headquarters and South China Testing Base				359.36		359.36
Equipment installation	13,290,240.41		13,290,240.41	14,659,443.19		14,659,443.19
Software installation	2,291,478.10		2,291,478.10	234,928.42		234,928.42
Phase I of CTI East China Testing Base (Suzhou)				259,275.97		259,275.97
Construction of information-based system (Phase II)	359,811.32		359,811.32	416,018.86		416,018.86
Decoration of offices and laboratories	18,923,087.79		18,923,087.79	25,637,033.41		25,637,033.41
Phase II of Kunshan Bio (Suzhou)	58,660,327.80		58,660,327.80	2,549,838.66		2,549,838.66
Northern Testing Base	157,681,157.35		157,681,157.35	102,890,578.13		102,890,578.13
Southern Testing Base	46,572,996.52		46,572,996.52	103,081,387.72		103,081,387.72

Central China Testing Base	29,938,831.85		29,938,831.85	61,705,005.04		61,705,005.04
Qingdao Testing Base	140,861,939.39		140,861,939.39	49,522,041.97		49,522,041.97
Total	468,579,870.53		468,579,870.53	360,955,910.73		360,955,910.73

(2) Changes in major construction in progress in the current period

Unit: RMB

Name	Budget	Beginning balance	Increase in the current period	Amount of fixed assets transferred in the current period	Other decreases in the current period	Ending balance	Accumulated project investment as a percentage of budget	Project progress	Accumulated capitalized interest	Including: Capitalized amount of interest in the current period	Interest capitalization rate in the current period	Sources of funding
Northern Testing Base	196,680,000.00	102,890,578.13	54,790,579.22			157,681,157.35		Note 1				Others
Southern Testing Base	119,900,000.00	103,081,387.72	82,710,772.28	139,219,163.48		46,572,996.52		Note 1				Others
Central China Testing Base	153,060,000.00	61,705,005.04	34,073,367.28	65,839,540.47		29,938,831.85		Note 1				Others
Qingdao Testing Base	216,000,000.00	49,522,041.97	91,339,897.42			140,861,939.39		Note 1				Others
Construction of Phase II of Kunshan Bio (Suzhou)	195,530,000.00	2,549,838.66	56,110,489.14			58,660,327.80		Note 1				Others
Total	881,170,000.00	319,748,851.52	319,025,105.34	205,058,703.95		433,715,252.91						

Note 1: The progress of important construction in progress is shown in the following table

Name	Budget	Accumulated project investment as a percentage of budget (%)	Project progress (%)	Accumulated capitalized interest	Including: Capitalized amount of interest in the current period	Interest capitalization rate in the current period (%)	Sources of funding
Northern Testing Base - Construction	124,208,178.00	126.94	100.00				Raised, self-owned funds
Northern Testing Base - Decoration	72,471,822.00	0.33	3.99				Raised, self-owned funds
Southern Testing Base - Construction	85,291,276.00	164.21	100.00				Raised, self-owned funds
Southern Testing Base - Decoration	34,608,724.00	147.94	60.17				Raised, self-owned funds

Central China Testing Base - Construction	125,690,620.00	64.01	100.00				Raised, self-owned funds
Central China Testing Base - Decoration	27,369,380.00	74.61	31.04				Raised, self-owned funds
Qingdao Testing Base - Construction	123,600,000.00	96.78	100.00				Raised, self-owned funds
Qingdao Testing Base - Decoration	92,400,000.00	23.75	24.52				Raised, self-owned funds
Phase II of Kunshan Bio (Suzhou) - Construction	195,530,000.00	30.00	30.00				Self-owned funds
Total	881,170,000.00						

(3) Provision for impairment of construction in progress in the current period

Unit: RMB

Item	Amount of provision in the current period	Reason for provision
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Other remarks:

(4) Engineering materials

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

Other remarks:

23. Productive biological assets**(1) Productive biological assets under the cost measurement mode**Applicable Not Applicable**(2) Productive biological assets under the fair value measurement mode**Applicable Not Applicable**24. Oil and gas assets**Applicable Not Applicable**25. Right-of-use assets**

Unit: RMB

Item	House rental	Equipment lease	Vehicle rental	Land lease	Total
I. Original book					

value:					
1. Beginning balance	362,147,680.25	7,441,641.46	690,538.13		370,279,859.84
2. Increase in the current period	118,294,725.68	1,535,745.26	33,494.38	1,217,208.04	121,081,173.36
(1) Lease	117,448,344.02	1,331,291.87		1,217,208.04	119,996,843.93
(2) Converted difference in foreign currency statements	846,381.66	200,636.54	33,494.38		1,080,512.58
(3) Other increases		3,816.85			3,816.85
3. Decrease in the current period	41,739,312.84	869,462.81			42,608,775.65
(1) Expiry of tenancy	41,739,312.84	869,462.81			42,608,775.65
4. Ending balance	438,703,093.09	8,107,923.91	724,032.51	1,217,208.04	448,752,257.55
II. Accumulated depreciation					
1. Beginning balance	74,562,664.43	3,140,567.20	333,304.77		78,036,536.40
2. Increase in the current period	93,849,148.18	1,658,527.92	219,121.67	142,010.47	95,868,808.24
(1) Accrual	93,493,839.54	1,555,125.34	198,466.80	142,010.47	95,389,442.15
(2) Converted difference in foreign currency statements	355,308.64	103,402.58	20,654.87		479,366.09
3. Decrease in the current period	31,364,781.64	869,462.81			32,234,244.45
(1) Disposal					
(2) Expiry of tenancy	31,364,781.64	869,462.81			32,234,244.45
4. Ending balance	137,047,030.97	3,929,632.31	552,426.44	142,010.47	141,671,100.19
III. Provision for impairment					
1. Beginning balance					
2. Increase in the current period					
(1) Accrual					
3. Decrease in the current period					
(1) Disposal					
4. Ending balance					
IV. Book value					
1. Ending book value	301,656,062.12	4,178,291.60	171,606.07	1,075,197.57	307,081,157.36
2. Beginning book value	287,585,015.82	4,301,074.26	357,233.36		292,243,323.44

Other remarks:

N/A.

26. Intangible assets

(1) Intangible assets

Unit: RMB

Item	Land use right	Patent right	Non-patented technology	Software	Trademark right	Talent housing sublease right	Total
I. Original book value:							
1. Beginning balance	138,003,262.82	217,386.28		67,516,916.95	196,630.97	11,769,793.00	217,703,990.02
2. Increase in the current period	2,664,746.81	1,507,262.32		3,656,794.14			7,828,803.27
(1) Acquisition	2,664,746.81	1,481,673.79		2,578,349.74			6,724,770.34
(2) Internal R&D							
(3) Increase from business combination							
(4) Increase from transfer from construction in progress		25,200.00		924,178.90			949,378.90
(5) Increase for other reasons		388.53		154,265.50			154,654.03
3. Decrease in the current period				118,311.82	402.46		118,714.28
(1) Disposal				118,311.82			118,311.82
(2) Decrease for other reasons					402.46		402.46
4. Ending balance	140,668,009.63	1,724,648.60		71,055,399.27	196,228.51	11,769,793.00	225,414,079.01
II. Accumulated amortization							
1. Beginning balance	18,611,224.89	164,297.77		52,961,611.42	196,630.97		71,933,765.05
2. Increase in the current period	2,777,536.52	235,773.48		6,518,971.82			9,532,281.82
(1) Accrual	2,777,536.52	235,531.52		6,367,014.26			9,380,082.30
(2) Increase for other reasons		241.96		151,957.56			152,199.52
3. Decrease in the current period				118,304.40	402.46		118,706.86
(1) Disposal				118,304.40			118,304.40

(2) Decrease for other reasons					402.46		402.46
4. Ending balance	21,388,761.41	400,071.25		59,362,278.84	196,228.51		81,347,340.01
III. Provision for impairment							
1. Beginning balance							
2. Increase in the current period							
(1) Accrual							
3. Decrease in the current period							
(1) Disposal							
4. Ending balance							
IV. Book value							
1. Ending book value	119,279,248.22	1,324,577.35		11,693,120.43		11,769,793.00	144,066,739.00
2. Beginning book value	119,392,037.93	53,088.51		14,555,305.53		11,769,793.00	145,770,224.97

Intangible assets generated via internal R&D of the Company account for 0.00% of intangible assets balance at the end of the current period.

(2) Land use right without a certificate of title

Unit: RMB

Item	Book value	Reason for failure to obtain a certificate of title
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Other remarks:

N/A.

27. Development expenditure

Unit: RMB

Item	Beginning balance	Increase in the current period			Decrease in the current period			Ending balance
	Beginning balance	Internal development expenditure	Others		Recognized as intangible assets	Transferred into current profit or loss		Ending balance
Total								

Other remarks:

28. Goodwill**(1) Original book value of goodwill**

Unit: RMB

Name of investee or item that generates goodwill	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Formed by business combination	Others	Disposal	Others	
Shenzhen CTI Commodity Testing and Survey Co., Ltd.	1,350,689.56					1,350,689.56
Shenzhen CTI International Certification Co., Ltd.	14,439,605.45					14,439,605.45
CTI CSERC (Suzhou) Co., Ltd.	1,438,062.22					1,438,062.22
CEM INTERNATIONAL LTD	5,650,226.78					5,650,226.78
Hangzhou Hua'an Testing Technology Co., Ltd.	76,020,012.18					76,020,012.18
Heilongjiang CTI Testing Technology Co., Ltd.	9,904,997.25					9,904,997.25
Dalian Huaxin Physical and Chemical Testing Center Co., Ltd.	4,441,430.10					4,441,430.10
POLY NDT (PRIVATE) LIMITED	12,571,370.70					12,571,370.70
Shenzhen Taikenilin Technology Development Co., Ltd.	2,546,474.84					2,546,474.84
Xinjiang Kerui Testing Technology Co., Ltd.	315,716.63					315,716.63
Henan CTI Testing Technology Co., Ltd.	2,677,919.58					2,677,919.58
CTI Engineering Testing Co., Ltd.	6,000,837.21					6,000,837.21
Zhoushan Jingwei Shipping Service Co., Ltd.	8,266,652.33					8,266,652.33

Jiangyin CTI Zhi'an Outpatient Department Co., Ltd.	7,325,389.95					7,325,389.95
Ningbo Quality Assurance Co., Ltd. (NQA)	27,892,342.26					27,892,342.26
Beijing CTI Agro-food Certification Co., Ltd.	2,517,865.38					2,517,865.38
Centre Testing Electronic Certification Co., Ltd.	39,885,576.12					39,885,576.12
Fujian Science Way Testing Co., Ltd. (SW)	9,267,740.57					9,267,740.57
Sichuan CTI Jianxin Testing Technology Co., Ltd.	5,830,283.11					5,830,283.11
Suzhou Wuzhong Economic Development Zone Jiakang Outpatient Department Co., Ltd.	3,970,287.04					3,970,287.04
Hebei CTI Junrui Testing Technology Co., Ltd.	100.00					100.00
Zhejiang CTI Yuanjian Testing Co., Ltd.	4,639,851.98					4,639,851.98
MARITEC PTE.LTD.	266,673,016.25					266,673,016.25
Tianjin Eco-City Environmental Technology Co., Ltd.	12,891,815.10					12,891,815.10
How-To NPD Consulting Co., Ltd.	26,244,810.08					26,244,810.08
imat-uve gmbh	120,772,523.10					120,772,523.10
Jilin Anxin Food Technology Service Co., Ltd.		5,728,087.01				5,728,087.01
CTI (Nantong) Automobile Technology Service Co., Ltd.		18,461,648.53				18,461,648.53
Total	673,535,595.77	24,189,735.54				697,725,331.31

(2) Provision for impairment of goodwill

Unit: RMB

Name of investee or item that generates goodwill	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Provision	Others	Disposal	Others	
Shenzhen CTI Commodity Testing and Survey Co., Ltd.	1,350,689.56					1,350,689.56
CTI CSERC (Suzhou) Co., Ltd.	1,438,062.22					1,438,062.22
CEM INTERNATIONAL LTD	5,650,226.78					5,650,226.78
Hangzhou Hua'an Testing Technology Co., Ltd.	61,129,989.71					61,129,989.71
Shenzhen Taikenilin Technology Development Co., Ltd.	2,546,474.84					2,546,474.84
Xinjiang Kerui Testing Technology Co., Ltd.	315,716.63					315,716.63
Zhoushan Jingwei Shipping Service Co., Ltd.	8,266,652.33					8,266,652.33
Hebei CTI Junrui Testing Technology Co., Ltd.	100.00					100.00
Fujian Science Way Testing Co., Ltd. (SW)	3,707,868.38					3,707,868.38
Total	84,405,780.45					84,405,780.45

Information on the asset group or asset group portfolio containing goodwill

(1) In December 2010, the Company purchased 81.00% of equities in Shenzhen CTI International Certification Co., Ltd. (hereinafter referred to as "International Certification") for RMB 17,100,000 in cash. If the combination cost exceeds RMB 14,439,600, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to International Certification.

(2) In December 2014, the Company purchased 100% of equities in Hangzhou Hua'an Nondestructive Testing Technology Co., Ltd. (hereinafter referred to as "Hangzhou Hua'an") for RMB 180,000,000 in cash. If the combination cost exceeds RMB

76,020,000, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Hangzhou Hua'an.

(3) In May 2014, the Company acquired 100% of equity in Centre Testing International (Heilongjiang) Co., Ltd. (Hereinafter referred to as "Heilongjiang CTI") for RMB 13,000,000. If the combination cost exceeds RMB 9,905,000, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Heilongjiang CTI.

(4) In April 2014, the Company purchased 100% of equity in Dalian Huaxin Physical and Chemical Testing Center Co., Ltd. (hereinafter referred to as "Dalian Huaxin") for RMB 8,110,000 in cash. If the combination cost exceeds RMB 4,441,400, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Dalian Huaxin.

(5) In June 2014, Centre Testing International (Hong Kong) Co., Ltd. purchased 70% of equities in POLY NDT (PRIVATE) LIMITED for SGD 3,514,200 (except for this amount, other amounts are in RMB) in cash. If the combination cost exceeds RMB 12,571,400, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to POLY NDT (PRIVATE) LIMITED.

(6) In July 2015, the Company purchased 100% of equities in Centre Testing International (Henan) Co., Ltd. (Hereinafter referred to as "Henan CTI") for RMB 5,500,000 in cash. If the combination cost exceeds RMB 2,677,900, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Henan CTI.

(7) In December 2015, the Company purchased 65% of equities in CTI Engineering Testing Co., Ltd. (hereinafter referred to as "CTI Engineering") for RMB 7,800,000 in cash. If the combination cost exceeds RMB 6,000,800, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to CTI Engineering.

In April 2016, the Company purchased 66.67% of equities in Jiangyin CTI Zhi'an Outpatient Department Co., Ltd. (hereinafter referred to as "Jiangyin Zhi'an") for RMB 10,000,000 in cash. If the combination cost exceeds RMB 7,325,400, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Jiangyin Zhi'an.

(9) In April 2016, the Company purchased 100% of equities in Ningbo Quality Assurance Co., Ltd. (hereinafter referred to as "NQA") for RMB 43,867,500 in cash. If the combination cost exceeds RMB 27,892,300, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to NQA.

(10) In July 2016, the Company purchased 100% of equities in Beijing CTI Agro-food Certification Co., Ltd. (Hereinafter referred to as "CTI Agro-food Certification") for RMB 3,185,200 in cash. If the combination cost exceeds RMB 2,517,900, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to CTI Agro-food Certification.

(11) In August 2016, the Company purchased 71.26% of equities in Centre Testing Electronic Certification Co., Ltd. (hereinafter referred to as "Centre Testing Electronic") for RMB 71,000,000 in cash. If the combination cost exceeds RMB 39,885,600, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Centre Testing Electronic.

(12) In October 2016, the Company purchased 51% of equities in Fujian Science Way Testing Co., Ltd. (SW) (hereinafter referred to as "Fujian Science Way") for RMB 11,730,000 in cash. If the combination cost exceeds RMB 9,267,700, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Fujian Science Way.

(13) In February 2017, the Company purchased 68% of equities in Sichuan CTI Jianxin Testing Technology Co., Ltd. (hereinafter referred to as "Sichuan Jianxin") for RMB 9,180,000 in cash. If the combination cost exceeds RMB 5,830,300, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Sichuan Jianxin.

(14) In December 2018, Jiangyin CTI Zhi'an Outpatient Department Co., Ltd. purchased 100% of equities in Suzhou Wuzhong Economic Development Zone Jiakang Outpatient Department Co., Ltd. (hereinafter referred to as "Suzhou Jiakang") for RMB 5,000,000 in cash. If the combination cost exceeds RMB 3,970,300, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Suzhou Jiakang.

(15) In August 2019, the Company purchased 51% of equities in Zhejiang Yuanjian Testing Co., Ltd. (hereinafter referred to as "Zhejiang Yuanjian") for RMB 9,614,800 in cash. If the combination cost exceeds RMB 4,639,900, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Zhejiang Yuanjian.

(16) In June 2020, Centre Testing International (Hong Kong) Co., Ltd. purchased 100% of equities in MARITEC PTE. LTD. for RMB 287,949,300. If the combination cost exceeds RMB 266,673,000, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to MARITEC PTE. LTD.

(17) In September 2020, the Company purchased 51% of equities in Tianjin Eco-City Environmental Technology Co., Ltd. (hereinafter referred to as "Tianjin Eco-City") for RMB 34,960,000 in cash. If the combination cost exceeds RMB 12,891,800, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Tianjin Eco-City.

(18) In January 2021, the Company acquired 40.00% of equities in How-To NPD Consulting Co., Ltd. (hereinafter referred to as "How-To NPD Consulting") for RMB 19,200,000 in cash. After the acquisition, the Company held 60% of equities in How-To NPD Consulting Co., Ltd., and the latter became a controlled subsidiary of the Company. If the combination cost exceeds RMB 26,244,800, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to How-To NPD Consulting.

(19) In December 2021, CTI Germany Holding GmbH & Co. KG acquired 90% of equities in imat-ue gmbh (hereinafter referred to as "Germany Imat") for RMB 144,904,300. If the combination cost exceeds RMB 120,772,500, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to imat-ue gmbh.

(20) In January 2022, the Company purchased 70.00% of equities in Jilin Anxin Food Technology Service Co., Ltd. (hereinafter referred to as "Jilin Anxin") for RMB 7,134,300 in cash. If the combination cost exceeds RMB 5,728,100, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to Sichuan Jianxin.

(21) In May 2022, the Company purchased 100% of equities in CTI (Nantong) Automobile Technology Service Co., Ltd. (hereinafter referred to as "CTI Nantong") for RMB 36,900,000 in cash. If the combination cost exceeds RMB 18,461,600, the difference of the fair value of the identifiable net assets obtained by shares, it is recognized as the goodwill related to CTI Nantong.

Methods for recognizing goodwill impairment testing process, key parameters (such as growth rate in the forecast period when expecting the present value of the future cash flow, growth rate of the stable period, profit rate, discount rate, and forecast period) and goodwill impairment loss:

(1) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of International Certification at the end of 2022. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of International Certification included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group was RMB 21,661,400; the book value of goodwill attributable to the parent company was RMB 14,439,600; the book value of goodwill attributable to the minority shareholder was RMB 3,387,100; the book value of the asset group containing the entire goodwill was RMB 39,488,100; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of International Certification, was RMB 105,702,000, and the goodwill at the consolidation level attributable to the parent company had no impairment.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
International Certification	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are -17.47%, 3.50%, 4.00%, 4.50% and 5.00% respectively	58.17%	11.65%

(2) For testing the goodwill impairment, the Company employed Beijing Zhonglin Assets Appraisal Co., Ltd. to value the recoverable amount of the asset group related to the goodwill formed by the acquisition of Hangzhou Hua'an, and issue the ZLPZ [2023] No. 77 Asset Assessment Report. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of Hangzhou Hua'an included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group containing the entire goodwill was RMB 42,230,400; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of Hangzhou Hua'an, was RMB 47,431,100, and the goodwill at the consolidation level attributable to the parent company had no impairment.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Hangzhou Hua'an	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are 23.08%, 8.13%, 5.84%, 4.25% and 2.30% respectively	24.76%	13.87%

(3) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of Heilongjiang CTI at the end of 2022. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of Heilongjiang CTI included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group was RMB 4,825,300; the book value of the goodwill attributable to the

parent company was RMB 9,905,000; the book value of the asset group containing the entire goodwill was RMB 14,730,300; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of Heilongjiang CTI, was RMB 65,735,300, and the goodwill at the consolidation level attributable to the parent company had no impairment.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Heilongjiang CTI	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are - 14.96%, 2.42%, 3.20%, 2.58% and 1.00% respectively	55.51%	11.65%

(4) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of Dalian Huaxin at the end of 2022. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of Dalian Huaxin included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group was RMB 29,475,300; the book value of the goodwill attributable to the parent company was RMB 4,441,400; the book value of the asset group containing the entire goodwill was RMB 33,916,700; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of Dalian Huaxin, was RMB 35,781,500, and the goodwill at the consolidation level attributable to the parent company had no impairment.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)

Dalian Huaxin	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are -15.98%, 3.02%, 2.59%, 2.60% and 2.67% respectively	44.70%	11.65%
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(5) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of POLY NDT (PRIVATE) LIMITED at the end of 2022. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of POLY NDT (PRIVATE) LIMITED included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group was RMB 36,337,200; the book value of the goodwill attributable to the parent company was RMB 12,571,400; the book value of the goodwill attributable to the minority shareholder was RMB 5,387,700; the book value of the asset group containing the entire goodwill was RMB 54,296,300; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of POLY NDT (PRIVATE) LIMITED, was RMB 55,104,700, and the goodwill at the consolidation level attributable to the parent company had no impairment.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
POLY NDT (PRIVATE) LIMITED	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are -45.78%, 4.11%, 6.01%, 5.93% and 4.81% respectively	43.39%	13.41%

(6) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of Henan CTI at the end of 2022. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of Henan CTI included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group was RMB 1,368,900; the book value of the goodwill attributable to the parent company was RMB 2,677,900; the book value of the asset group containing the entire goodwill was RMB 4,046,800; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of Henan CTI, was RMB 41,154,400, and the goodwill at the consolidation level attributable to the parent company had no impairment.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Henan CTI	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are -19.68%, 1.70%, 2.61%, 2.16% and 0.02% respectively	51.67%	11.65%

(7) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of CTI Engineering at the end of 2022. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of CTI Engineering included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group was RMB 38,784,200; the book value of goodwill attributable to the parent company was RMB 6,000,800; the book value of goodwill attributable to the minority shareholder was RMB 3,231,200; the book value of the asset group containing the entire goodwill was RMB 48,016,300; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of CTI Engineering, was RMB 73,544,800, and the goodwill at the consolidation level attributable to the parent company had no impairment.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
CTI Engineering	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are -20.60%, 9.00%, 9.00%, 8.00% and 8.00% respectively	30.01%	11.65%

(8) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of Jiangyin Zhi'an at the end of 2022. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of Jiangyin Zhi'an included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group was RMB 3,015,500; the book value of goodwill attributable to the parent company was RMB 7,325,400; the book value of goodwill attributable to the minority shareholder was RMB 3,662,100; the book value of the asset group containing the entire goodwill was RMB 14,003,100; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of Jiangyin Zhi'an, was RMB 23,691,000, and the goodwill at the consolidation level attributable to the parent company had no impairment.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Jiangyin Zhi'an	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are 4.59%, 5.56%, 2.63%, 2.56% and 2.50% respectively	45.04%	14.67%

(9) For testing the goodwill impairment, the Company employed Beijing Zhonglin Assets Appraisal Co., Ltd. to value the recoverable amount of the asset group related to the goodwill formed by the acquisition of NQA, and issue the ZLPZ [2023] No. 78 Asset Assessment Report. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of NQA included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group containing the entire goodwill was RMB 28,403,400; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of NQA, was RMB 31,551,000, and the goodwill at the consolidation level attributable to the parent company had no impairment.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
NQA	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are 1.54%, 7.80%, 10.43%, 8.94% and 1.72% respectively	39.67%	13.87%

(10) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of CTI Agro-food Certification at the end of 2022. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of CTI Agro-food Certification included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group was RMB 7,573,400; the book value of the goodwill attributable to the parent company was RMB 2,517,900; the book value of the asset group containing the entire goodwill was RMB 10,091,300; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of CTI Agro-food Certification, was RMB 27,004,800, and the goodwill at the consolidation level attributable to the parent company had no impairment.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Beijing CTI Agro-food Certification	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are -2.01%, 3.50%, 3.50%, 3.50% and 3.50% respectively	48.20%	13.20%

(11) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of Centre Testing Electronic at the end of 2022. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of Centre Testing Electronic included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group was RMB 124,018,700; the book value of goodwill attributable to the parent company was RMB 39,885,600; the book value of goodwill attributable to the minority shareholder was RMB 16,086,300; the book value of the asset group containing the entire goodwill was RMB 179,990,600; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of Centre Testing Electronic, was RMB 224,794,400, and the goodwill at the consolidation level attributable to the parent company had no impairment.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Centre Testing Electronic	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are -0.94%, 6.25%, 3.92%, 3.77% and 3.64% respectively	67.58%	9.76%

(12) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of Fujian Science Way at the end of 2022. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of Fujian Science Way included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group was RMB 1,085,800; the book value of goodwill attributable to the parent company was RMB 9,267,700; the book value of goodwill attributable to the minority shareholder was RMB 8,904,300; the book value of the asset group containing the entire goodwill was RMB 19,257,900; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of Fujian Science Way, was RMB 12,709,800; a goodwill impairment of RMB 6,548,100 and an impairment of goodwill at the consolidation level attributable to the parent company of RMB 3,339,500 were reported. As of December 31, 2022, the Company had made provisions of RMB 3,707,900 for goodwill impairment related to Fujian Science Way, so there were no further goodwill impairment provisions during this reporting period.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Fujian Science Way	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are 13.20%, 8.00%, 8.00% and 8.00% respectively	30.12%	13.20%

(13) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of Sichuan Jianxin at the end of 2022. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of Sichuan Jianxin included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group was RMB 30,316,500; the book value of goodwill attributable to the parent company was RMB 5,830,300; the book value of goodwill attributable to the minority shareholder was RMB 2,743,700; the book value of the asset group containing the entire goodwill was RMB 38,890,400; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of Sichuan Jianxin, was RMB 39,501,400, and the goodwill at the consolidation level attributable to the parent company had no impairment.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Sichuan Jianxin	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are 2.50%, 3.12%, 7.64%, 2.88% and 4.45% respectively	34.30%	11.53%

(14) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of Suzhou Jiakang at the end of 2022. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of Suzhou Jiakang included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group was RMB 1,568,900; the book value of the goodwill attributable to the parent company was RMB 3,970,300; the book value of the asset group containing the entire goodwill was RMB 5,539,100; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of Suzhou Jiakang, was RMB 6,215,000, and the goodwill at the consolidation level attributable to the parent company had no impairment.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Suzhou Jiakang	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are -3.08%, 4.76%, 0%, 4.55% and 4.35% respectively	53.12%	14.67%

(15) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of Zhejiang Yuanjian at the end of 2022. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset

group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of Zhejiang Yuanjian included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group was RMB 10,108,400; the book value of goodwill attributable to the parent company was RMB 4,639,900; the book value of goodwill attributable to the minority shareholder was RMB 4,457,900; the book value of the asset group containing the entire goodwill was RMB 19,206,100; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of Zhejiang Yuanjian, was RMB 24,409,000, and the goodwill at the consolidation level attributable to the parent company had no impairment.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Zhejiang Yuanjian	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are 26.37%, 11.58%, 15.57%, 12.24% and 0.00% respectively	47.84%	13.20%

(16) For testing the goodwill impairment, the Company employed Beijing Zhonglin Assets Appraisal Co., Ltd. to value the recoverable amount of the asset group related to the goodwill formed by the acquisition of MARITEC PTE. LTD., and issue the ZLPZ [2023] No. 115 Asset Assessment Report. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of MARITEC PTE. LTD. included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group containing the entire goodwill was RMB 285,249,100; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of MARITEC PTE. LTD., was RMB 300,864,500, and the goodwill at the consolidation level attributable to the parent company had no impairment.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
MARITEC PTE. LTD.	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are 11.62%, 5.64%, 10.25%, 3.90% and 1.59% respectively	51.24%	13.41%

(17) For testing the goodwill impairment, the Company employed Beijing Zhonglin Assets Appraisal Co., Ltd. to value the recoverable amount of the asset group related to the goodwill formed by the acquisition of Tianjin Eco-City, and issue the ZLPZ [2023] No. 76 Asset Assessment Report. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of Tianjin Eco-City included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group containing the entire goodwill was RMB 25,564,200; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of Tianjin Eco-City, was RMB 27,056,200, and the goodwill at the consolidation level attributable to the parent company had no impairment.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Tianjin Eco-City	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are 67.30%, 22.35%, 16.83%, 11.11% and 9.44% respectively	34.73%	13.20%

(18) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of How-To NPD Consulting at the end of 2022. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of How-To NPD Consulting included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group was RMB 25,020,400; the book value of goodwill attributable to the parent company was RMB 26,244,800; the book value of goodwill attributable to the minority shareholder was RMB 17,496,500; the book value of the asset group containing the entire goodwill was RMB 68,761,700; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of How-To NPD Consulting, was RMB 91,392,200, and the goodwill at the consolidation level attributable to the parent company had no impairment.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
How-To NPD Consulting	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are 7.88%, 10.00%, 10.01%, 10.02% and 10.02% respectively	33.05%	13.20%

(19) For testing the goodwill impairment, the Company employed Beijing Zhonglin Assets Appraisal Co., Ltd. to value the recoverable amount of the asset group related to the goodwill formed by the acquisition of Germany Imat, and issue the ZLPZ [2023] No. 113 Asset Assessment Report. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of Germany Imat included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group containing the entire goodwill was RMB 192,389,700; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of Germany Imat, was RMB 196,926,300, and the goodwill at the consolidation level attributable to the parent company had no impairment.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Germany Imat	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are 11.51%, 11.24%, 9.46%, 8.43% and 7.73% respectively	44.56%	12.34%

(20) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of Jilin Anxin at the end of 2022. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of Jilin Anxin included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group was RMB 1,648,100; the book value of goodwill attributable to the parent company was RMB 5,728,100; the book value of goodwill attributable to the minority shareholder was RMB 2,454,900; the book value of the asset group containing the entire goodwill was RMB 9,831,100; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of Jilin Anxin, was RMB 12,845,500, and the goodwill at the consolidation level attributable to the parent company had no impairment.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
Jilin Anxin	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are 45.57%, 37.37%, 12.25%, 8.30% and 13.35% respectively	29.91%	12.00%

(21) For testing the goodwill impairment, the Company valued the recoverable amount of the asset group related to the goodwill formed by acquisition of CTI Nantong at the end of 2022. Upon determination of the valuation of the recoverable amount, the Company allocated the goodwill to the asset group from the purchase date, and then compared the book value of the asset group (containing goodwill) with the recoverable amount to determine whether the asset group (containing goodwill) has impairment.

As of December 31, 2022, the asset group range related to the goodwill formed by the acquisition of CTI Nantong included the asset group consisting of operating tangible assets and intangible assets of all main business (exclusive of non-operating assets and liabilities), and the book value of the asset group was RMB 12,572,000; the book value of the goodwill attributable to the parent company was RMB 18,461,600; the book value of the asset group containing the entire goodwill was RMB 31,033,600; through assessment by the income method, the recoverable amount of the asset group on December 31, 2022, the assessment base date of CTI Nantong, was RMB 33,075,300, and the goodwill at the consolidation level attributable to the parent company had no impairment.

The method, crucial assumption and basis of calculating the recoverable amount of the above asset group are as follows:

1) Present value of projected future cash flows

The Company's Management has estimated the present value of the projected cash flows on the basis of future cash flow forecast.

The crucial assumption and its basis for such forecast:

Item	Forecast period	Revenue growth rate within the forecast period	Average gross margin within the forecast period	Discount rate (pre-tax)
CTI Nantong	The forecast period is 2023-2027, followed by the stable period	The forecast revenue growth rates are 87.43%, 44.00%, 66.67%, 26.67% and 20.00% respectively	9.19%	13.20%

Influences from the goodwill impairment test

Other remarks:

29. Long-term deferred expenses

Unit: RMB

Item	Beginning balance	Increase in the current period	Amortization amount in the current period	Other decreases	Ending balance
Office decoration expenses	131,790,507.41	33,225,831.38	51,262,334.29	6,094,063.79	107,659,940.71
Simple facilities	415,409.36		357,417.75	7,102.24	50,889.37
Others	9,178,205.75	9,561,041.45	6,414,910.02	804,448.23	11,519,888.95
Total	141,384,122.52	42,786,872.83	58,034,662.06	6,905,614.26	119,230,719.03

Other remarks:

N/A.

30. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets not offset

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary	Deferred income tax	Deductible temporary	Deferred income tax

	difference	assets	difference	assets
Provision for impairment of assets	168,965,103.53	22,946,952.35	126,540,689.14	18,263,157.07
Deductible loss	217,586,409.05	36,553,159.78	102,263,761.41	15,294,982.51
Equity-settled share-based payment	161,126.95	24,169.04	13,966,246.84	2,094,937.02
Deferred income	88,680,807.23	17,949,655.14	94,699,335.16	19,000,735.10
Effect of accounting estimates of fixed assets	4,924,385.79	978,760.58	9,267,890.74	2,038,631.90
Change in fair value	484,000.00	72,600.00	484,000.00	72,600.00
Estimated liabilities			110,417.74	16,562.66
Vocational education expenditure deducted before tax and to be carried over to subsequent years			1,095,145.64	164,271.85
Total	480,801,832.55	78,525,296.89	348,427,486.67	56,945,878.11

(2) Deferred tax liabilities not offset

Unit: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Effect of accounting estimates of fixed assets	1,742,364.10	312,625.51	1,572,085.93	282,366.13
One-off deduction of fixed assets before tax	497,226,411.24	73,623,436.83	456,038,363.29	64,979,051.93
Change in fair value	5,493,794.67	885,959.20	2,129,730.80	319,459.62
Total	504,462,570.01	74,822,021.54	459,740,180.02	65,580,877.68

(3) Deferred tax assets or liabilities presented in net amount after offset

Unit: RMB

Item	Offset amount of deferred tax assets and liabilities at the end of the period	Ending balance of deferred tax assets or liabilities after offset	Offset amount of deferred tax assets and liabilities at the beginning of the period	Beginning balance of deferred tax assets or liabilities after offset
Deferred income tax assets		78,525,296.89		56,945,878.11
Deferred tax liabilities		74,822,021.54		65,580,877.68

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Ending balance	Beginning balance
Deductible temporary difference	16,874,557.57	24,827,684.62
Deductible loss	107,122,338.58	103,998,806.98
Estimated liabilities		3,317,275.84
Total	123,996,896.15	132,143,767.44

(5) Deductible losses of unrecognized deferred tax assets will be due in the following years

Unit: RMB

Year	Ending amount	Beginning amount	Remarks
2022		13,841,749.21	
2023	8,933,656.17	29,536,850.46	
2024	13,298,373.24	9,504,890.11	
2025	16,035,692.57	17,719,391.80	
2026	24,053,131.43	31,010,340.23	
2027	41,965,404.50		
Indefinite	2,836,080.67	2,385,585.17	
Total	107,122,338.58	103,998,806.98	

Other remarks:

N/A.

31. Other non-current assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment deposit	3,040,000.00		3,040,000.00	3,040,000.00		3,040,000.00
Advance equipment and project payments	41,480,584.35		41,480,584.35	45,896,630.16		45,896,630.16
Government grant for equipment (note 1)	5,088,121.79		5,088,121.79	6,728,774.66		6,728,774.66
Shanghai public rental housing	67,411,970.12		67,411,970.12	106,878,614.40		106,878,614.40
Others	1,662,733.00		1,662,733.00			
Total	118,683,409.26		118,683,409.26	162,544,019.22		162,544,019.22

Other remarks:

Note 1: In 2010, CTI Group and the Management Committee of Kunshan New and High Tech Industrial Development Zone inked an investment intention agreement on constructing Suzhou Biotechnology (the Pre-clinical CRO Research Base) in Kunshan Hi-tech Zone. On June 5, 2012, a supplementary agreement was entered into, under which Kunshan Hi-tech Zone committed that its subordinate company Jiangsu Kunshan Hi-Tech Industry Investment Development Co., Ltd. would contribute an accumulative amount of RMB 50 million to purchase the listed instruments and equipment for the platform within 4 years since 2012.

Later, Jiangsu Kunshan Hi-Tech Industry Investment Development Co., Ltd. executed an Entrusted Operation Management Agreement with Suzhou Biology, agreeing to invest not less than RMB 50 million step by step in equipment procurement for free use by Suzhou Biotechnology during the 20 years from January 10, 2013 to January 9, 2033. Kunshan Hi-Tech Industry

Investment Development Co., Ltd. owns such equipment. Suzhou Biotechnology had successively received the invested equipment from 2013 to 2016.

32. Short-term borrowings

(1) Categories of short-term borrowings

Unit: RMB

Item	Ending balance	Beginning balance
Pledged borrowings		226,500.00
Guaranteed borrowings		2,000,000.00
Credit borrowings	2,000,000.00	2,516,995.60
Interest payable not due	2,750.00	2,750.00
Total	2,002,750.00	4,746,245.60

Note on short-term borrowing classification:

On March 30, 2021, Sichuan CTI Jianxin Testing Technology Co., Ltd. signed a borrowing contract numbered Z2203LN15683392 with Chengdu Pidu Sub-branch of Bank of Communications Co., Ltd., to borrow RMB 2,000,000.00 from the latter at an interest rate of 4.50%. The borrowing period is from March 31, 2022 to March 11, 2023.

(2) Outstanding overdue short-term borrowings

The total amount of outstanding overdue short-term borrowings at the end of the current period is RMB, including the following important overdue short-term borrowings:

Unit: RMB

Borrower	Ending balance	Borrowing rate	Overdue time	Interest rate for overdue payment

Other remarks:

N/A.

33. Financial liabilities held for trading

Unit: RMB

Item	Ending balance	Beginning balance
Including:		
Financial liabilities at fair value through profit or loss	1,900,000.00	9,138,508.21
Including:		
Total	1,900,000.00	9,138,508.21

Other remarks:

N/A.

34. Derivative financial liabilities

Unit: RMB

Item	Ending balance	Beginning balance
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Other remarks:

35. Notes payable

Unit: RMB

Category	Ending balance	Beginning balance
Bank's acceptance bills	50,119.58	50,759.14
Total	50,119.58	50,759.14

Total amount of notes payable that become due but unpaid yet at the end of current period is RMB 0.00.

36. Accounts payable**(1) Presentation of accounts payable**

Unit: RMB

Item	Ending balance	Beginning balance
Payment for materials	151,657,973.66	91,948,038.03
Payment for engineering projects	122,559,610.46	72,734,964.60
Payment for equipment	90,303,386.23	76,198,357.24
Service fee	227,892,994.70	169,717,155.53
Others	156,118,202.53	143,014,938.62
Total	748,532,167.58	553,613,454.02

(2) Major accounts payable aging over 1 year

Unit: RMB

Item	Ending balance	Reason for failure to pay or carry forward
Shanhe Construction Group Co., Ltd.	31,067,350.51	Settlement time not reached
Shaanxi Zhongzhan Testing Engineering Co., Ltd.	2,857,807.80	Settlement time not reached
Suez Environmental Detection Technology (Beijing) Co., Ltd.	2,463,312.00	Settlement time not reached
Total	36,388,470.31	

Other remarks:

N/A.

37. Advance receipts**(1) Presentation of advance receipts**

Unit: RMB

Item	Ending balance	Beginning balance
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(2) Major advance receipts aging over 1 year

Unit: RMB

Item	Ending balance	Reason for failure to pay or carry forward
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38. Contract liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Advance service charges	122,541,039.40	117,816,872.13
Advances from customers	6,416,950.01	429,223.89
Total	128,957,989.41	118,246,096.02

Amount and cause of significant change in book value during the reporting period

Unit: RMB

Item	Amount of change	Reason for change
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39. Payroll payable**(1) Presentation of payroll payable**

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
I. Short-term remuneration	426,418,953.38	2,011,006,853.04	1,982,520,290.91	454,905,515.51
II. Post-employment benefits - defined contribution plan	4,510,303.47	111,610,639.64	112,421,284.71	3,699,658.40
III. Dismissal benefits	623,704.40	6,095,273.48	5,453,619.80	1,265,358.08
Total	431,552,961.25	2,128,712,766.16	2,100,395,195.42	459,870,531.99

(2) Presentation of short-term remuneration

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Wages, bonuses, allowances and subsidies	418,656,665.31	1,830,104,770.55	1,805,867,411.08	442,894,024.78
2. Employee benefits	1,340,044.93	37,086,464.20	37,400,276.15	1,026,232.98
3. Social insurance premium	2,642,055.02	62,219,780.90	60,523,094.02	4,338,741.90
Including: Medical insurance premium	1,491,079.40	51,924,640.68	50,185,424.18	3,230,295.90
Work-related injury insurance premium	42,688.42	1,643,836.96	1,646,637.97	39,887.41
Maternity insurance premium	11,296.56	1,901,813.64	1,908,469.35	4,640.85

Others	1,096,990.64	6,749,489.62	6,782,562.52	1,063,917.74
4. Housing provident fund	1,332,653.02	64,302,750.72	62,547,112.49	3,088,291.25
5. Labor union expenditures and employee education expenses	2,447,535.10	17,293,086.67	16,182,397.17	3,558,224.60
Total	426,418,953.38	2,011,006,853.04	1,982,520,290.91	454,905,515.51

(3) Presentation of defined contribution plan

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Basic endowment insurance	4,434,225.78	108,304,941.13	109,117,359.03	3,621,807.88
2. Unemployment insurance premium	76,077.69	3,305,698.51	3,303,925.68	77,850.52
Total	4,510,303.47	111,610,639.64	112,421,284.71	3,699,658.40

Other remarks:

N/A.

40. Taxes payable

Unit: RMB

Item	Ending balance	Beginning balance
Value-added tax	28,792,265.68	23,318,831.81
Enterprise income tax corporate income tax	43,888,808.15	38,287,915.35
Individual income tax	5,122,074.71	3,980,639.04
City maintenance and construction tax	1,354,694.91	1,272,202.20
Housing property tax	4,227,836.29	3,461,082.38
Educational surcharges	611,576.32	583,579.21
Stamp duty	742,278.50	578,901.82
Local education surcharge	422,013.83	392,404.07
Land use tax	164,343.59	161,790.97
Others	338,569.06	352,447.57
Total	85,664,461.04	72,389,794.42

Other remarks:

N/A.

41. Other payables

Unit: RMB

Item	Ending balance	Beginning balance
Dividends payable	31,042.91	1,631,042.91

Other payables	151,714,520.60	165,009,649.50
Total	151,745,563.51	166,640,692.41

(1) Interest payable

Unit: RMB

Item	Ending balance	Beginning balance
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Significant interest due but unpaid:

Unit: RMB

Borrower	Overdue amount	Reason for overdue
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Other remarks:

(2) Dividends payable

Unit: RMB

Item	Ending balance	Beginning balance
Ordinary share dividends	31,042.91	1,631,042.91
Total	31,042.91	1,631,042.91

Other notes, including reasons for non-payment of significant dividends payable for over 1 year:

N/A.

(3) Other payables**1) Other payables listed by the nature of payment**

Unit: RMB

Item	Ending balance	Beginning balance
Deposit and security	12,878,904.73	18,630,653.13
Temporary receipts payable	59,811,337.43	50,557,378.79
Equity investments payable	4,192,333.15	2,829,535.36
Others	74,831,945.29	92,992,082.22
Total	151,714,520.60	165,009,649.50

(2) Other major payables aging over 1 year

Unit: RMB

Item	Ending balance	Reason for failure to pay or carry forward
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Other remarks:

Other payables - other payables are mainly the funds to be paid for the order by Centre Testing International Pinzheng (Shanghai) Co., Ltd. for housings under the "rental for sales" public rent housing program (phase 1) of Pujiang High Tech Park, Caohejing Development Zone, Shanghai. The Company plans to rent out and sell the housings to its employees. The total amount payable by employees for the public rent housings is RMB 67,657,900.

42. Held-for-sale liabilities

Unit: RMB

Item	Ending balance	Beginning balance
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Other remarks:

43. Non-current liabilities maturing within one year

Unit: RMB

Item	Ending balance	Beginning balance
Long-term borrowings due within one year	36,688,521.84	53,917,854.21
Lease liabilities due within one year	88,939,203.97	81,426,546.47
Total	125,627,725.81	135,344,400.68

Other remarks:

N/A.

44. Other current liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Value-added tax output tax to be written off (tax in contract liabilities)	2,252,644.71	1,659,984.93
Total	2,252,644.71	1,659,984.93

Increase/decrease of short-term bonds payable:

Unit: RMB

Name of bond	Par value	Issued on	Bond period	Issuing amount	Beginning balance	Issuance in the current period	Interest accrued by par value	Amortization of premiums or discounts	Repayment in the current period		Ending balance
Total											

Other remarks:

45. Long-term borrowings**(1) Classification of long-term borrowings**

Unit: RMB

Item	Ending balance	Beginning balance
Mortgage borrowing	1,807,521.16	1,758,040.60
Guaranteed borrowings	38,987,412.50	36,295,900.40
Credit borrowings		4,813,133.36
Long-term borrowings due within one year	-36,688,521.84	
Total	4,106,411.82	42,867,074.36

Note on long-term borrowing classification:

On May 25, 2020, CIT Holdings (Hong Kong) Co., Ltd., a subsidiary of the Company, and The Hong Kong and Shanghai Banking Corporation Limited signed a credit facility numbered CARM200407 to obtain a three-year guaranteed borrowing in the amount of USD 20,000,000.00. The borrowing period is from June 2, 2020 to June 5, 2023, and the interest is charged at the January London Interbank Offered Rate (LIBOR) + an annual interest rate of 0.9%.

Other notes, including the interest rate range: N/A

46. Bonds payable

(1) Bonds payable

Unit: RMB

Item	Ending balance	Beginning balance
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(2) Increase/decrease of bonds payable (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

Unit: RMB

Name of bond	Par value	Issued on	Bond period	Issuing amount	Beginning balance	Issuance in the current period	Interest accrued by par value	Amortization of premiums or discounts	Repayment in the current period		Ending balance
Total											

(3) Conditions and time for the conversion of convertible corporate bonds to equity

(4) Other financial instruments classified as financial liabilities

Basic information of outstanding preferred shares, perpetual bonds and other financial instruments at the end of the period

Table of changes in outstanding preferred shares, perpetual bonds and other financial instruments at the end of the period

Unit: RMB

Outstanding financial instruments	Beginning		Increase in the current period		Decrease in the current period		At the end of period	
	NQty.	Book value	NQty.	Book value	NQty.	Book value	NQty.	Book value

Bases for the classification of other financial instruments into financial liabilities

Other remarks:

47. Lease liabilities

Unit: RMB

Item	Ending balance	Beginning balance
< 1 year	97,182,870.21	92,050,428.43
1-2 years	77,390,360.91	65,010,941.38
2-3 years	71,414,273.64	54,422,264.51
3-4 years	49,606,481.61	50,854,849.11

4-5 years	23,572,627.57	32,365,014.88
> 5 years	30,448,678.02	36,030,223.08
Unacknowledged financial charges	-31,308,710.71	-32,100,459.87
Lease liabilities due within one year	-88,939,203.97	-81,426,546.47
Total	229,367,377.28	217,206,715.05

Other remarks:

The lease liability interest expense of RMB 12,547,395.25 was recognized in the current period.

48. Long-term payables

N/A.

49. Long-term payroll payable

N/A.

50. Estimated liabilities

Unit: RMB

Item	Ending balance	Beginning balance	Reason for incurrence
Pending litigation		110,417.74	
Estimated house property tax and late payment fee	3,946,190.57	3,317,275.84	House property taxes and late payment fees shall be accrued, as Centre Testing International (Beijing) Co., Ltd. has not yet obtained a property ownership certificate.
Total	3,946,190.57	3,427,693.58	

Other notes, including major relevant assumptions and estimations of significant estimated liabilities:

N/A.

51. Deferred income

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance	Reason for incurrence
Government grants related to assets	90,199,856.93	6,933,344.00	14,906,903.21	82,226,297.72	See Table 1 for details
Government grants related to income	5,894,827.06	2,504,000.00	1,944,317.55	6,454,509.51	See Table 1 for details
Total	96,094,683.99	9,437,344.00	16,851,220.76	88,680,807.23	

Projects involving government grants:

Unit: RMB

Liability item	Beginning balance	New grant in the current period	Amount included in non-operating income in the	Amount included in other income in the current	Amount of cost offset in the current period	Other changes	Ending balance	Asset-related/income-related

			current period	period				
Shenzhen Electronic Information Material Testing Public Service Platform 2012 (RMB 4.5 million)	575,555.61			272,820.52			302,735.09	Asset-related
SFG [2014] No. 859 - Notice on the Issuance of 2014 Investment Plan within the Central Budget for Industrial Transformation and Upgrading Projects (the First Batch of Industrial Revitalization and Technological Transformation Projects) - Technology shares - South China Testing Base project (RMB 15.78 million)	14,307,985.00			353,283.60			13,954,701.40	Asset-related
Subsidy for agricultural product quality and safety projects	4,258.72			4,258.72				Asset-related
The Reply by the Development and Reform Commission of Shenzhen Municipality to the Fund Application for Public Service	2,401,232.14			399,038.32			2,002,193.82	Asset-related

Platform Project of Home Service Robot Detection Technology in Shenzhen (RMB 4 million)								
Project of constructing public service platforms for life safety and health examination	3,509.59			3,509.59				Asset-related
Special fund for agricultural development 2016	111,333.12			111,333.12				Asset-related
Research and development of separation effect testing method for mechanical pollutant purification system	753,512.76			255,928.92			497,583.84	Asset-related
Industry development project 2018	611,678.54			401,573.64			210,104.90	Asset-related
Fund for public technical service platform project 2019	687,771.54			687,771.54				Asset-related
Special fund for agricultural development 2017	1,612,006.49			134,492.52			1,477,513.97	Asset-related
Provincial innovation capacity building fund (first batch) 2015	82,634.21			36,824.20			45,810.01	Asset-related
2015 Suzhou municipal special fund for industrial and economic upgrading -	32,948.07			7,246.32			25,701.75	Asset-related

project supporting fund								
2015 municipal fund for guiding the service industry development	1,323,170.76			36,585.36			1,286,585.40	Asset-related
Municipal special fund for the service industry development of Hi-tech Zone 2016 (RMB 2.407 million)	780,919.20			325,216.16			455,703.04	Asset-related
Subsidy for construction of public service platform for small and micro businesses in Ningbo 2017	193,703.35			193,703.35				Asset-related
Subsidy for construction of public service platform for small and micro businesses in Ningbo 2018	635,911.96			467,803.04			168,108.92	Asset-related
Comprehensive testing service platform demonstration project	294,733.39			211,031.12			83,702.27	Asset-related
Special fund for development of the TCM decoction pieces industry in Yunnan Province 2018	317,591.87			317,591.87				Asset-related
Technical platform of Dalian	14,539.44			14,539.44				Asset-related

Huaxin Physical and Chemical Testing Center								
Fund for enterprise supporting and science & technology awarding	3,346,533.09			84,013.40			3,262,519.69	Asset-related
Right to use government equipment	6,728,774.66			1,640,652.87			5,088,121.79	Asset-related
Projects under and fund for the ninth scientific and technical development program (policy-based fund for scientific and technical innovation) of Suzhou 2019	81,089.78			37,862.81			43,226.97	Asset-related
Policy incentive for high-quality development of scientific and technical innovation in Xiangcheng District 2018 (development of research and development organizations /technical contract incentive/support for building innovation carriers, etc.)	364,904.01			170,382.62			194,521.39	Asset-related
Reward for service system building	1,395,348.83			1,395,348.83				Asset-related
Liaoning Coastal Economic Belt	476,695.68			412,090.94			64,604.74	Asset-related

construction subsidy								
Special subsidy for technological transformation	48,953,062.68			1,602,722.17			47,350,340.51	Asset-related
The 6th batch of industry supporting fund in 2020 (RMB 284,100)	195,300.33			76,354.96			118,945.37	Asset-related
Subsidy for investment in recycling economic projects	481,800.28			200,000.00			281,800.28	Asset-related
Incentive for building national/provincial/municipal innovation platforms 2020	159,949.73			159,949.73				Asset-related
Subsidy for building postdoctoral centers (innovation practice bases) in Bao'an District	291,666.75			99,999.96			191,666.79	Asset-related
2021 industry support fund	114,671.51			32,785.44			81,886.07	Asset-related
The 1st batch of support funds for promoting high-quality development of the fashion industry in 2021	1,201,990.84			699,999.96			501,990.88	Asset-related
Special fund for supporting foreign trade	1,663,073.00	2,241,244.00		183,424.65			3,720,892.35	Asset-related
Incentive for building national/provincial/municipal innovation platforms 2021 in Bao'an		1,750,000.00		1,529,913.10			220,086.90	Asset-related

District								
The 1st batch of funding projects under GCB 2022 New Generation Information Technology Industry Support Program		2,860,000.00		2,344,901.82			515,098.18	Asset-related
The 11th batch of policy funds for promoting the stable progress and quality improvement of the regional economy in High-tech Zone in 2022		82,100.00		1,948.60			80,151.40	Asset-related
Generalized Chemistry Research Center 3011301 - Research on the selection and determination method of core elements of technical standards	124,701.63						124,701.63	Income-related
Research on standards for key technologies like emergency stop devices and two-hand operation devices 2017	982.91						982.91	Income-related
R&D and application of integrated testing service platform for emerging industries -- project 1 (3011901)	95,905.41			58,536.15			37,369.26	Income-related

R&D and application of integrated testing service platform for emerging industries -- project 5 (3011902)	583,378.75			527,424.89			55,953.86	Income-related
Generalized Chemistry Research Center 3011302 - Research on calibration methods for PM2.5 monitors	5,285.58			5,285.58				Income-related
Nanjing municipal subsidy for headquarters enterprise and headquarters building certification application in the second half of 2019 (RMB 1 million)	833,333.33			100,000.00			733,333.33	Income-related
Bao'an District incentive for technological projects 2020 (research on standards for key technologies like emergency stop devices and two-hand operation devices)	170,000.00						170,000.00	Income-related
Bao'an District incentive for technological projects 2020 (R&D and application of integrated testing service)	808,756.00			135,418.32			673,337.68	Income-related

platform for emerging industries)								
Government grant for promoting development of the inspection, testing/certification and accreditation industry for Nanjing Economic and Technological Development Zone (RMB 2.024 million)	1,703,533.33			202,400.00			1,501,133.33	Income-related
Subsidy for start-up	800,000.00			100,000.00			700,000.00	Income-related
One-off subsidy for entities building postdoctoral centers	219,987.12			73,935.84			146,051.28	Income-related
Bao'an District incentive for technological projects 2021 (research on standards for key technologies like emergency stop devices and two-hand operation devices)	10,000.00						10,000.00	Income-related
Bao'an District incentive for technological projects 2021 (R&D and application of integrated testing service platform for emerging industries)	288,963.00						288,963.00	Income-related

Daily management expenditures of entities operating work stations (first + second batches in 2021)	250,000.00						250,000.00	Income-related
Support project for public reading space		40,000.00		40,000.00				Income-related
Special fund for agricultural development 2021		2,414,000.00		671,066.83			1,742,933.17	Income-related
Funding for CTI's in-community food safety promotion project		50,000.00		30,249.94			19,750.06	Income-related

Other remarks:

Note 1: Projects with an increase of over RMB 1 million at the beginning of the period and in the current period:

(1) According to the Notice on the Issuance of 2014 Investment Plan within the Central Budget for Industrial Transformation and Upgrading Projects (the First Batch of Industrial Revitalization and Technological Transformation Projects) (SFG [2014] No. 859) jointly released by the Development and Reform Commission of Shenzhen Municipality and the Economy, Trade and Information Committee of Shenzhen Municipality, Centre Testing International Group Co., Ltd. received grants from the Finance Commission of Shenzhen Municipality in an amount of RMB 11,000,000.00 (on December 23, 2014) and RMB 4,780,000.00 (on November 16, 2016). The subsidy has been used for civil works of South China Testing Base and has been included in current profit or loss by installments since the assets were put into service, with RMB 353,283.60 included in other incomes in the current period.

(2) According to the document of the Development and Reform Commission of Shenzhen Municipality (SFG [2015] No. 963) -- the Reply by the Development and Reform Commission of Shenzhen Municipality to the Fund Application for Public Service Platform Project of Home Service Robot Detection Technology in Shenzhen; according to the document of the Development and Reform Commission of Shenzhen Municipality, the Economy, Trade and Information Committee of Shenzhen Municipality, the Science and Technology Innovation Committee of Shenzhen Municipality and the Finance Commission of Shenzhen Municipality (SFG [2015] No. 863) -- the Notice on the Release of the Support Plan on Shenzhen's Strategic Emerging Industries and Future Industry Development Special Funds for the First Half of 2015 (the First, Second and Third Batches) by the Development and Reform Commission of Shenzhen Municipality, the Economy, Trade and Information Committee of Shenzhen Municipality, the

Science and Technology Innovation Committee of Shenzhen Municipality and the Finance Commission of Shenzhen Municipality, Centre Testing International Group Co., Ltd. received an appropriation from Shenzhen Municipal Treasury in the amount of RMB 4,000,000.00 on October 29, 2015 and an appropriation from the Finance Bureau of Bao'an District, Shenzhen in the amount of RMB 2,000,000.00 on October 31, 2016. The appropriation has been used for its dedicated purpose, mainly used for purchasing instruments and equipment, improving existing process equipment and testing conditions and purchasing necessary technology, software, etc., and has been included into current profit or loss by installments since the assets were accrued for impairment, with RMB 399,038.32 included in other incomes in the current period.

(3) According to the Circular of Market and Quality Supervision Commission of Shenzhen Municipality about Publicizing Agricultural Product Quality and Safety Testing Project Funding Program by the Special Agricultural Development Fund 2017 (SSZTG [2018] No. 55), Centre Testing International Group Co., Ltd. received the special agricultural development supporting fund of 2017 of RMB 2,000,000.00 from the Market and Quality Supervision Commission of Shenzhen Municipality on November 30, 2018. The subsidy has been used for purchasing equipment and has been included in current profit or loss by installments since the assets were put into service, with RMB 134,492.52 included into other incomes in the current period.

(4) According to the document of the Development and Reform Bureau of Xiangcheng District, Suzhou Municipality and the Finance Bureau of Xiangcheng District, Suzhou Municipality, the Notice about Distributing Municipal Service Industry Development Guide Fund 2015 to Suzhou CTI Testing Technology Co., Ltd. (XFGF (2017) No. 1 and XCQ (2017) No. 7), the subsidiary Suzhou CTI Testing Technology Co., Ltd. received a special fund of RMB 1,500,000.00 from the Finance Department of Weitang Town, Xiangcheng District on March 17, 2017. The subsidy has been used for the construction of lab bases by the enterprise and included into current profit or loss by installments since the day when the assets were accrued for impairment, with RMB 36,585.36 included in other incomes in the current period.

(5) According to the 2nd Scientific and Technical Innovation Joint Conference Minute of Investment Attraction Administration of Kunshan Hi-tech Zone (GXQ [2012] No. 179), the subsidiary CTI Biotechnology (Suzhou) Co., Ltd. respectively received the construction subsidy for Kunshan GLP Project Base of RMB 1 million in 2015, RMB 1 million in 2016 and RMB 1.8 million in 2017 from the Investment Attraction Administration of Kunshan Hi-tech Zone. The subsidy has been used for construction of the Kunshan GLP Base Project and included in current profit or loss by installments since the assets were put into service, with RMB 84,013.40 included in other incomes in the current period.

(6) In 2010, CTI Group and the Management Committee of Kunshan New and High Tech Industrial Development Zone inked an investment intention agreement on constructing Suzhou Biotechnology (the Pre-clinical CRO Research Base) in Kunshan Hi-tech Zone. On June 5, 2012, a supplementary agreement was entered into, under which Kunshan Hi-tech Zone committed that its subordinate company Jiangsu Kunshan Hi-Tech Industry Investment Development Co., Ltd. would contribute an accumulative

amount of RMB 50 million to purchase the listed instruments and equipment for the platform within 4 years since 2012. Later, Jiangsu Kunshan Hi-Tech Industry Investment Development Co., Ltd. executed an Entrusted Operation Management Agreement with Suzhou Biology, agreeing to invest not less than RMB 50 million step by step in equipment procurement for free use by Suzhou Biotechnology during the 20 years from January 10, 2013 to January 9, 2033. Kunshan Hi-Tech Industry Investment Development Co., Ltd. owns such equipment. Suzhou Biotechnology had received the equipment from 2013 to 2016, with a total amount of RMB 49,775,842.00. In the current period, RMB 1,640,652.87 is transferred to other incomes.

(7) According to the Notice of Beijing Municipal Bureau of Economy and Information Technology on Collecting Construction Projects of Capital Service System Supporting Development of SMEs in Beijing issued on March 12, 2018, capital subsidiaries will be proportionally granted as per the project investment amount to support public service platforms of SMEs and entrepreneurship and innovation base construction or renovation projects of small and micro enterprises, which were completed during the period from March 1, 2017 to March 1, 2018 and have a construction period not longer than 2 years. On June 24, 2019, the Company received RMB 5,000,000.00 transferred by Beijing Municipal Bureau of Economy and Information Technology in the name of "Construction Rewards for Service System", RMB 1,395,348.83 of which was included in other incomes in the current period.

(8) According to the Notice on the Issuance of the Support Measures of Nanjing Economic and Technological Development Zone for Promoting the Development of Inspection, Testing, Certification and Accreditation Industries (NKWKZ [2015] No. 183), on June 22, 2020, the Company received a government grant from the Nanjing Economic and Technological Development Zone Management Committee in an amount of RMB 2,024,000.00, with RMB 202,400.00 included in other incomes in the current period.

(9) According to the Notice on Forwarding and Allocating the 2020 (First Batch) Investment Plan within the Central Budget for Technical Transformation Projects by the Economic Development Department of Qingdao High-tech Industrial Development Zone Management Committee, on September 14, 2020, the Company received a subsidy from Qingdao High-tech Industrial Development Zone Management Committee in an amount of RMB 49,050,000.00. The subsidy has been used for technological renovation of the base, with RMB 1,602,722.17 included in other incomes in the current period.

(10) According to the notice of the municipal industry and information technology bureau on granting the first batch of subsidies for the 2021 fashion industry high-quality development support program, on October 29, 2021, Centre Testing International Group Co., Ltd. received the first subsidy for the 2021 fashion industry high-quality development support program of RMB 3.5 million, with RMB 699,999.96 included into other incomes in the current period.

(11) According to the Notice of the Guangzhou Municipal Bureau of Commerce on Distributing the Project Application Guidelines for Public Service Platform for 2022 Special Fund for Supporting Foreign Trade (Promoting the Innovation and

Development of Trade in Service), Guangzhou CTI Testing Certification Technology Co., Ltd. received a special fund subsidy of RMB 2,241,244.00 on November 28, 2022, with RMB 183,424.65 included into other incomes in the current period.

(12) According to the Notice of Science and Technology Innovation Bureau of Bao'an District, Shenzhen on Launching the Application for Incentive for Building National/Provincial/Municipal Innovation Platforms 2021 in Bao'an District, CTI Group Co., Ltd. received a special fund subsidy of RMB 1,750,000.00 on April 29, 2022, with RMB 1,529,913.10 included into other incomes in the current period.

(13) According to the Shenzhen Industry and Information Technology Bureau's Operation Procedures for Special Fund Support Program for Strategic Emerging Industry Development (SGXG [2019] No. 2), the first batch of projects under the 2022 new generation information technology industry support program have completed acceptance, review, special-purpose audit, and social publicity, and a funding plan has now been issued. On September 30, 2022, CTI Group Co., Ltd. received the first funding of RMB 2,860,000.00 from GCB 2022 New Generation Information Technology Industry Support Program, with RMB 2,344,901.82 included into other incomes in the current period.

(14) According to the Management Measures for Special Agricultural Development Fund of Shenzhen(SJMXXG [2018] No. 2) and the Funding Operation Procedures for Special Agricultural Development Fund of Shenzhen (SSJG [2019] No. 8), upon review and approval by the leading Party group meeting of the Shenzhen Administration for Market Regulation, CTI Group Co., Ltd. received a special fund subsidy of RMB 2,414,000.00 on September 30, 2022, with RMB 671,066.83 included into other incomes in the current period.

52. Other non-current liabilities

N/A.

53. Capital stock

Unit: RMB

	Beginning balance	Current increase/decrease (+, -)					Ending balance
		Newly issued shares	Donate shares	Shares transferred from provident fund	Others	Subtotal	
Total number of shares	1,673,088,214.00				9,660,000.00	9,660,000.00	1,682,748,214.00

Other remarks:

Notes on change in share capital: The current stock options are exercised, and 9,660,000.00 shares of capital stock are increased.

54. Other equity instruments

(1) Basic information of outstanding preferred shares, perpetual bonds and other financial instruments at the end of the period

(2) Table of changes in outstanding preferred shares, perpetual bonds and other financial instruments at the end of the period

Unit: RMB

Outstanding financial instruments	Beginning		Increase in the current period		Decrease in the current period		At the end of period	
	NQty.	Book value	NQty.	Book value	NQty.	Book value	NQty.	Book value

Increase/decrease in other equity instruments in the current period and reasons, and bases for related accounting treatment:

Other remarks:

55. Capital reserves

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Capital premium (capital stock premium)	137,475,405.71	232,588,753.02		370,064,158.73
Other capital reserves	49,218,541.42	22,568,583.90	14,331,020.34	57,456,104.98
Total	186,693,947.13	255,157,336.92	14,331,020.34	427,520,263.71

Other notes, including increase/decrease in the current period and reasons for changes:

Change in capital reserves - capital premium (capital stock premium): (1) The current stock options are exercised, and capital reserves - equity premium are increased by RMB 53,993,100. (2) The current exercise is paid with equity-settled share-based payment, and capital reserve - other capital reserve of RMB 14,331,020.34 recognized in the waiting period is carried forward to the capital stock premium. (3) The Company has acquired 10% equity in Shanghai Zhike, and the capital reserve to be adjusted according to the difference between the difference between the net asset share of the subsidiary owned by the parent company before the capital increase and the net asset share owned after the capital increase at the combination level and the capital increase difference is RMB -188,486.24. (4) The Company has acquired 12% equity of Sichuan Jianxin, and the capital reserve to be adjusted according to the difference between the difference between the net asset share of the subsidiary owned by the parent company before the capital increase and the net asset share owned after the capital increase at the combination level and the capital increase difference is RMB -2,466,048.08. (5) As minority shareholders of Shanghai Medical have injected capital to Shanghai Medical twice, the Company's shareholding ratio is diluted from 100% to 87.97%, and then from 87.97% to 85.38%. The capital reserve to be adjusted according to the difference between the share of the subsidiary's book net assets calculated according to the shareholding ratio of the parent company before the capital increase and that after the capital increase is RMB 166,919,167.00 in total.

Change in capital reserve - other capital reserve: (1) The amount of current share-based payment booked in capital reserve - other capital reserve is RMB 525,900.46. (2) In the current period of stock options exercise, the amount allowed by the tax law is deducted, and the part exceeding the book share-based payment is correspondingly included as expense, with an impact on income tax expense of RMB 22,042,683.44, which is included in the capital reserve. (3) The current exercise is paid with equity-settled share-based payment, and capital reserve - other capital reserve of RMB 14,331,020.34 recognized in the waiting period is carried forward to the capital stock premium.

56. Treasury shares

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Exercise of stock ownership incentive repurchase		35,491,855.22		35,491,855.22
Total		35,491,855.22		35,491,855.22

Other notes, including increase/decrease in the current period and reasons for changes:

As of December 31, 2022, the cumulative number of shares repurchased was 1,772,300, accounting for 0.11% of the Company's current total capital stock.

57. Other comprehensive incomes

Unit: RMB

Item	Beginning balance	Current amount incurred						Ending balance
		Amount before income tax in the current period	Less: amount included in other comprehensive income previously and then transferred into current profit or loss	Less: amount included in other comprehensive income previously and then transferred into current retained earnings	Less: Income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
II. Other comprehensive income reclassified to profit or loss	15,278,945.79	-134,872.94				-134,872.94		15,144,072.85
Converted difference in foreign currency statements	15,278,945.79	-134,872.94				-134,872.94		15,144,072.85
Total other	15,278,945.79	-134,872.94				-134,872.94		15,144,072.85

comprehensive income	9							85
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Other notes, including the adjustment converting effective part of profit and loss of cash flow hedges to the initial recognition amount of the hedged item:

N/A.

58. Special reserves

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
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Other notes, including increase/decrease in the current period and reasons for changes:

59. Surplus reserves

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Statutory surplus reserves	220,139,991.86	54,062,053.31		274,202,045.17
Total	220,139,991.86	54,062,053.31		274,202,045.17

Notes on surplus reserves, including increase/decrease in the current period and reasons for changes:

N/A.

60. Undistributed profits

Unit: RMB

Item	Current period	Prior period
Undistributed profits at the end of the prior period before adjustment	2,362,107,773.22	1,771,832,899.47
Initial undistributed profits after adjustment	2,362,107,773.22	
Add: Net profit attributable to owners of the parent company in the current period	902,731,908.18	746,186,939.78
Less: Withdrawal of statutory surplus reserve	54,062,053.31	40,946,479.46
Dividends payable on ordinary shares	100,836,492.84	58,490,921.14
Acquisition of minority equity		65,579,942.18
Others		9,105,276.75
Undistributed profits at the end of the period	3,109,941,135.25	2,362,107,773.22

Details of adjustment of initial undistributed profits:

- 1) Retroactive adjustment shall be made according to the Accounting Standards for Business Enterprises and related new regulations, and the impact on the initial undistributed profits is RMB 0.00.
- 2) Due to alteration of accounting policies, the impact on the initial undistributed profits is RMB 0.00.
- 3) Due to correction of major errors in accounting policies, the impact on the initial undistributed profits is RMB 0.00.
- 4) Change in consolidation scope due to common control imposes impact on RMB 0.00 of initial undistributed profits.

5). Other adjustments exert an impact on the initial undistributed profits of RMB 0.00.

61. Operating income and operating cost

Unit: RMB

Item	Current amount incurred		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Primary business	5,120,559,880.64	2,595,054,679.80	4,319,307,391.07	2,126,281,762.99
Other business	10,150,187.02	1,419,869.06	9,781,237.43	2,168,752.89
Total	5,130,710,067.66	2,596,474,548.86	4,329,088,628.50	2,128,450,515.88

Whether the lower of the net profits before and after net of non-recurring gains/losses is negative through audit

Yes No

Related income information:

Unit: RMB

Contract classification	Segment 1	Segment 2		Total
Product type	5,130,710,067.66			5,130,710,067.66
Including:				
Life science	2,296,988,393.01			2,296,988,393.01
Industrial testing	904,067,581.56			904,067,581.56
Consumer goods testing	716,375,085.22			716,375,085.22
Trade assurance	662,323,081.52			662,323,081.52
Pharma and clinical services	550,955,926.35			550,955,926.35
By business region	5,130,710,067.66			5,130,710,067.66
Including:				
China	4,844,012,146.17			4,844,012,146.17
Overseas	286,697,921.49			286,697,921.49
Market or customer type				
Including:				
Contract type				
Including:				
By commodity transfer time				
Including:				
By contract period				
Including:				
By sales channel				
Including:				
Total				

Information on performance obligations:

As to sample testing, when testing services provided have been completed and test reports delivered to customers, it is deemed customers obtain control of the relevant products and the Company completes its performance obligations. As to project-based and

engineer testing, customers are deemed to acquire control of said services at the same time as the Company fulfills contracts, and the Company recognizes completed performance obligations based on such performance throughout the period in which the services are provided.

Information about transaction prices apportioned to the remaining performance obligations:

The income corresponding to the performance obligations under signed contracts that have not been performed or fully performed at the end of the reporting period is RMB 0.00, of which revenue of RMB 0.00 is estimated to be recognized in 0 (year), revenue of RMB 0.00 is estimated to be recognized in 0 (year), and revenue of RMB 0.00 is estimated to be recognized in 0 (year).

Other remarks:

62. Taxes and surcharges

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
City maintenance and construction tax	7,967,644.41	6,999,803.43
Educational surcharges	3,606,643.37	3,125,533.96
Housing property tax	7,379,167.60	6,520,389.81
Land use tax	753,515.62	721,482.31
Vehicle and vessel usage tax	69,425.92	67,842.68
Stamp duty	2,506,552.63	2,286,209.00
Local education surcharge	2,400,415.02	2,089,334.59
Other taxes	993,165.40	710,419.70
Total	25,676,529.97	22,521,015.48

Other remarks:

N/A.

63. Selling expenses

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Employee remuneration	557,283,380.70	486,130,477.16
Depreciation and amortization costs	12,274,274.60	11,160,427.48
Rents and utilities	8,316,840.86	7,844,264.88
Office expenses	28,289,323.49	25,402,075.20
Travel expenses	47,233,452.27	50,405,410.74
Entertainment expenses	60,598,741.38	56,573,353.00
Training expenses	509,193.31	675,704.72
Marketing expenses	134,512,806.07	124,917,271.22
Others	6,122,099.88	5,865,010.72
Total	855,140,112.56	768,973,995.12

Other remarks:

N/A.

64. Administrative expenses

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
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Employee remuneration	194,887,777.73	173,499,651.87
Share-based payment	525,900.46	5,152,452.81
Depreciation and amortization costs	26,596,256.93	20,357,773.39
Rents and utilities	14,930,156.07	6,303,453.61
Office expenses	21,255,309.49	24,345,130.07
Travel expenses	6,107,090.30	6,649,001.57
Consulting service & training expenses	21,897,088.40	24,408,961.15
Certification charges	3,946,731.97	1,608,716.47
Materials and consumables	1,055,279.04	1,133,288.62
Others	14,797,949.04	12,101,394.23
Total	305,999,539.43	275,559,823.79

Other remarks:

N/A.

65. R&D expenses

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Employee remuneration	303,829,815.20	261,008,619.80
Materials	40,847,170.84	34,453,274.54
Depreciation and amortization costs	63,599,095.65	57,702,286.21
Rents and utilities	22,594,663.59	19,514,140.58
Others	4,094,024.94	3,296,151.66
Total	434,964,770.22	375,974,472.79

Other remarks:

N/A.

66. Financial expenses

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Interest expense	14,825,024.17	13,617,262.15
Interest income	-20,979,637.98	-9,526,911.57
Exchange losses/gains	-7,209,222.20	4,856,586.81
Bank service charges and others	2,535,441.74	2,760,409.54
Total	-10,828,394.27	11,707,346.93

Other remarks:

N/A.

67. Other incomes

Unit: RMB

Sources of other incomes	Current amount incurred	Amount incurred in the previous period
Value-added tax offset	18,394,580.31	16,507,299.56
Refunded service charge on personal income tax	1,391,829.75	1,010,821.48
Transferred-in deferred income	16,851,220.76	25,727,051.54

Total government grants with each no more than RMB 100,000	3,645,901.67	2,501,566.13
Fund for 2017 second-batch Gusu innovation and entrepreneurship leading talent program	400,000.00	300,000.00
2020 Bao'an District project of fund support for inspection and testing service providers		8,025,000.00
2020 standardization strategy funding		4,800,000.00
2020 high growth enterprise policy		100,000.00
2020 policy for excellent enterprises for scientific and technological innovation		500,000.00
2020 Shenzhen special funding reward in the standardization field		2,227,605.00
2020 subsidy for enterprises included into provincial high-tech enterprise library		150,000.00
2020 municipal intellectual property protection category		300,767.00
Incentive for building national/provincial/municipal innovation platforms 2020		385,000.00
2020 corporate subsidy		1,420,000.00
2020 reward for enterprises included into provincial high-tech enterprise library		660,000.00
Funds under support policy for 2020 high-quality development led by scientific and technological innovation (reward for high-tech enterprise certification) of Xiangcheng District		100,000.00
Funds under support policy for 2020 high-quality development led by scientific and technological innovation (reward for technical contract registration) of Xiangcheng District		100,000.00
2020 subsidy for new R&D institutions (RMB 150,000)		150,000.00
2021 subsidy for gazelle companies		200,000.00
2021 Bao'an subsidy (second batch) for enterprise R&D		350,000.00
Projects proposed to be funded under 2021 Minhang District special fund for advanced manufacturing		100,000.00
2021 Shenzhen special funding reward in the standardization field	3,803,280.00	
2021 subsidy for the testing service industry	1,476,145.28	
2021 subsidy for enterprises accredited by innovation platform in Kunming		200,000.00
2021 provincial special fund subsidy for military-civilian integration development		500,000.00
2022 Bao'an District project of fund support for the specialized service industry	2,532,600.00	
2022 subsidy for annual standard development and standardization projects	4,320,400.00	
2022 national high-tech enterprise growth reward project	300,000.00	
Projects proposed to be funded under 2022	200,000.00	

Minhang District policy for advanced manufacturing		
Policy-based subsidy for steady growth of scientific research and technical service industries in the third quarter of 2022	3,744,810.00	
2022 project of award for provincial professional, refined, specialized, and novel enterprises	200,000.00	
2022 support program for private and SME innovation development	200,000.00	
The 14th batch of enterprise supporting fund in 2020		1,070,000.00
FAQs on levy rebate and levy waiver for business employers		105,818.14
INTERBANK GIROIRAS Jobs Growth Incentive	322,610.01	
Investment Support	252,721.04	
IRAS Job Growth Incentive	133,375.09	
Job Support Scheme		274,287.33
JOBS GROWTH INCENTIVE		639,074.36
Jobs Support Scheme		638,157.74
The Coronavirus Job Retention Scheme		110,937.50
Wage Credit Scheme	107,333.80	87,979.69
Subsidy for large instruments in Anhui Province		314,000.00
R&D subsidy for small and micro scientific and technological enterprises under policy fulfillment	369,400.00	
2020 economic contribution and growth reward		1,480,000.00
Subsidy for the technology service industry	1,000,000.00	
Chengdu Testing - Loan interest subsidy		
Major R&D plan of subsidized gazelle companies (major technological projects)		800,000.00
Incentive for the first recognition of gazelle companies		300,000.00
Special support fund for gazelle companies		500,000.00
Social insurance subsidy for persons without employment difficulty		136,883.65
Service outsourcing performance reward		133,661.00
One-time reward for small and micro service enterprises growing into large ones	100,000.00	
Subsidy for work and production resumption	192,000.00	
First grant under the second-batch GXCB 2020 Enterprise R&D Funding Program (SKJ CX [2021] No. 227)		225,000.00
Reward for accreditation of high-tech enterprises		500,000.00
Technological innovation subsidy granted by the High-tech Zone Bureau of Science, Technology and Human Resources		340,000.00
22nd batch of special high-quality projects	1,420,000.00	
7th batch of special high-quality projects	1,420,000.00	
Award for accreditation of public service demonstration platforms		500,000.00

Service subsidy for public technology platforms		200,000.00
Funding for public health projects		247,040.00
2020 subsidy for enterprise R&D	458,100.00	
2021 reward for standardization strategy in Bao'an District	3,550,000.00	
First grant under GXCB 2022 High-tech Enterprise Cultivation Funding Program (SKJ CX [2022] No. 25)	800,000.00	
Award for accreditation of national high-tech enterprises	800,000.00	100,000.00
Science and technology service subsidy under Guangzhou innovation environment program		500,000.00
Governmental subsidy for accreditation of national high-tech enterprises		991,200.00
One-time on-the-job training subsidy	242,500.00	
2020 policy-based reward for enterprise R&D in Qiantang District	119,000.00	
Internship subsidy	565,613.18	276,696.00
Provincial special subsidy for scientific and technological development	119,000.00	
2020 subsidy for enterprise R&D in Henan Province		680,000.00
2021 post-R&D subsidy	170,000.00	
2020 subsidy for enterprise R&D in Henan Province	196,000.00	
2021 reward for private enterprises and SMEs participating in standard formulation and revision	200,000.00	
Subsidy for employment stabilizing	1,928,555.33	748,874.22
Reward and subsidy for high-tech enterprises	250,000.00	
Post-R&D subsidy for technology-based enterprises	630,000.00	740,000.00
Subsidy for work-based training	123,869.50	619,568.50
CTI CA- 2020 subsidy for enterprise R&D in Henan Province	443,300.00	
2021 reward for standardization strategy in Bao'an District	225,000.00	
CTI Laboratory - Reward for standardization strategy	125,000.00	
CTI Laboratory - Funding for high-tech enterprise development	100,000.00	
Rent subsidy from Economic Development Bureau of Huaian Economic and Technological Development Zone	351,792.00	
Special subsidy for technological transformation in the manufacturing industry		761,000.00
Qualification reward for inspection and testing institutions	200,000.00	20,000.00
Jiangyin Zhi'an - Funding for public health projects	960,004.00	
District-level financial support in Jing'an District		210,000.00
Incentive for quality and quantity		200,000.00

improvement on technology platforms - Reward for certification of technology platforms 2020		
Kunming - 2022 subsidy for technical transformation and innovation platform establishment in Kunming City	420,000.00	
Reward for high-tech enterprises	300,000.00	
Reward for service providers	100,000.00	
Subsidy for green creation	300,000.00	
Special support for high-quality development of professional, refined, specialized, and novel SMEs in Minhang District	200,000.00	
2020 funding under newly recognized high-tech enterprise reward program	100,000.00	
Special funding under Nanchang 2021 high-tech enterprise quantity and quality improvement reward program	300,000.00	
Special fund for development of the service outsourcing industry in Nanchang City		116,700.00
Subsidy for enterprise R&D in Nanchang City	116,100.00	
Social insurance subsidy for new job positions in enterprises	130,281.57	
Social insurance subsidy for attracting college graduates	140,363.28	
2nd batch of enterprise support funds of 2021 (subsidy for service industry development)	820,000.00	
2021 Linyun Innovation Enterprises	130,000.00	
6th batch of special funds for high-quality development in 2022	100,000.00	
2nd batch of science and technology project funds in high-tech zone in 2022 (subsidy for high-tech enterprises)	100,000.00	
Subsidy project for enterprise R&D	280,000.00	
Industrial support fund	3,505,635.00	
Standardization subsidy of Xiamen Quality Supervision and Administration Bureau		300,000.00
Government subsidy for R&D projects	439,080.00	773,480.00
Service industry guidance	3,200,000.00	
Science and technology enterprise cultivation project under Shenzhen high- tech zone development program	1,400,000.00	
Special fund for building Liaoning into a digital province with outstanding manufacturing capabilities	500,000.00	
Reward for recognition of high-tech enterprises	100,000.00	
2022 Suzhou special fund program for business development	2,000,000.00	
High-level innovation and entrepreneurship talent introduction plan	500,000.00	900,000.00
Incentive for high-tech enterprises	100,000.00	
Subsidy for the producer service industry	316,600.00	
Funding from Sunan Award	1,000,000.00	500,000.00
2022 Suzhou municipal special fund for	700,000.00	

building advanced manufacturing bases		
Reward and subsidy for improving scientific and technological service capabilities - Support for acceleration and expansion of the technological service industry in 2020		200,000.00
Unemployment insurance refund to enterprises without decruitment	139,925.99	
Subsidy from Tianjin "131" innovative Talent Training Program		100,000.00
Enterprise cultivation subsidy	200,000.00	
2022 Employment Support Scheme under the 2nd Anti-epidemic Fund of HKSAR Government	227,776.02	
One-time subsidy for filed and carded personnel absorbed by enterprises in Xin'an Sub-district		105,000.00
One-time job expansion subsidy	736,000.00	
One-time on-the-job training subsidy	1,381,805.00	
Social insurance subsidy for fresh college graduates	117,197.51	
Excellent Science and Technology Enterprise		500,000.00
ZZB 2021 Municipal Special Program for Industry and Information Industry Development		350,000.00
Special fund project for innovation and entrepreneurship of small and micro enterprises in Changsha Economic and Technological Development Zone		200,000.00
Special fund for 2020 building economy in Changsha County		237,484.65
Preferential tax reduction and exemption policies for the recruitment of key groups	1,489,306.00	
Zhengzhou High-tech Zone's promotion of the development of the cybersecurity industry	340,000.00	
Living allowance in support of the development of postdoctoral talent		105,020.00
Application for subsidy for the implementation of intellectual property right standards		100,000.00
Total	97,266,012.09	85,252,973.49

68. Investment income

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Long-term equity investment income calculated by equity method	32,794,916.53	25,468,714.26
Investment income from disposal of long-term equity investments	334.35	-806,560.32
Investment income from the holding of other non-current financial assets		1,267,300.00
Financing income	10,679,419.71	4,405,658.49

Investment income from the disposal of other non-current financial assets	654,598.43	
Others		7,254,805.39
Total	44,129,269.02	37,589,917.82

Other remarks:

N/A.

69. Gains from net exposure hedge

N/A.

70. Income from changes in fair value

Unit: RMB

Source of income from changes in fair value	Current amount incurred	Amount incurred in the previous period
Financial assets held for trading	1,107,453.77	20,058,637.18
Financial liabilities held for trading	3,600,908.82	-450,453.70
Other non-current financial assets	5,942,800.00	
Total	10,651,162.59	19,608,183.48

Other remarks:

N/A.

71. Credit impairment loss

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Bad debt losses	-52,856,079.41	-35,996,620.78
Total	-52,856,079.41	-35,996,620.78

Other remarks:

N/A.

72. Assets impairment loss

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
XII. Contract assets impairment loss	-1,080,047.21	-2,452,581.37
Total	-1,080,047.21	-2,452,581.37

Other remarks:

N/A.

73. Asset disposal income

Unit: RMB

Source of asset disposal income	Current amount incurred	Amount incurred in the previous period
Gains or losses from disposal of non-current assets	1,071,272.66	259,673.92

74. Non-operating income

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period	Amount included in non-recurring gain or loss of the current period
Government grants		420,000.00	
Non-payments	348,093.65	188,805.34	348,093.65
Gains from disposal of non-current assets	388,066.25	146,002.32	388,066.25
Compensation from claim settlement	397,790.15	1,607,534.10	397,790.15
Others	3,991,467.36	2,948,593.33	3,991,467.36
Total	5,125,417.41	5,310,935.09	5,125,417.41

Government grants included in the current profit or loss:

Unit: RMB

Subsidy	Granted by	Reason for granting	Nature	Whether the subsidy affects the profit and loss of the current year	Whether this is special subsidy	Amount incurred in the current period	Amount incurred in the previous period	Asset-related/income-related
2019 support fund for the advanced manufacturing industry	Development and Reform Bureau of Laoshan District, Qingdao City	Subsidy	Subsidy as a result of compliance with local government support policies, such as investment promotion policy	Yes	No		350,000.00	Income-related
Technical subsidy for professional, refined, specialized, and novel products	Industry and Information Technology Bureau of Laoshan District, Qingdao City	Subsidy	Subsidy as a result of compliance with local government support policies, such as investment promotion policy	Yes	No		70,000.00	Income-related

Other remarks:

N/A.

75. Non-operating expenses

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period	Amount included in non-recurring gain or loss of the current period
External donations	75,000.00	358,923.33	75,000.00
Loss from scrapping of non-current assets	1,891,689.49	1,496,639.32	1,891,689.49
Fines and overdue fine	881,300.37	1,671,926.53	881,300.37
Others	695,211.02	2,402,036.11	695,211.02
Total	3,543,200.88	5,929,525.29	3,543,200.88

Other remarks:

N/A.

76. Income tax expenses**(1) Presentation of income tax expenses**

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Income tax expenses in the current period	111,788,416.41	83,128,598.50
Deferred income tax expenses	-12,338,274.94	3,188,122.03
Total	99,450,141.47	86,316,720.53

(2) Adjustment of accounting profits and income tax expenses

Unit: RMB

Item	Current amount incurred
Total profits	1,024,046,767.16
Income tax expenses calculated at statutory/applicable tax rate	153,607,015.07
Effect of subsidiaries' application of different tax rates	71,378,168.34
Influence of period income tax prior to adjustment	2,850,477.42
Effect of non-taxable income	-64,319,924.20
Effect of non-deductible costs, expenses and losses	7,629,634.70
Effect of using the deductible loss of unrecognized deferred tax assets in the prior period	-25,639,278.57
Effect of deductible temporary difference or deductible losses of deferred tax assets not recognized in the current period	3,396,753.88
Effect of additional deduction of R&D expenses	-47,978,411.04
Effect of tax rate changes	618,941.98
Others	-2,093,236.11
Income tax expenses	99,450,141.47

Other remarks:

N/A.

77. Other comprehensive incomes

Refer to notes.

78. Consolidated cash flow statement**(1) Other cash received relating to operating activities**

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Deposit and security	70,802,876.12	84,077,263.80
Government grants received	71,786,483.74	54,077,508.89
Current accounts	22,553,615.24	22,104,507.17
Interest income from current deposits	20,823,974.39	9,112,670.22
Others	67,785,458.13	59,017,779.45
Total	253,752,407.62	228,389,729.53

Notes on other cash received relating to operating activities:

N/A.

(2) Other cashes paid relating to operating activities

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Period expense	429,365,238.39	385,350,090.19
Deposit and security	86,532,875.05	79,385,601.66
Current accounts	26,401,323.10	30,476,135.10
Others	52,406,897.57	48,477,816.98
Total	594,706,334.11	543,689,643.93

Notes on other cashes paid relating to operating activities:

N/A.

(3) Other cash received from investment activities

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Wealth management product	573,248,064.06	3,183,110,560.98
Principal of term deposit in banks	65,682.50	363,919.07
Borrowings		960,000.00
Others		39,777,026.00
Total	573,313,746.56	3,224,211,506.05

Notes on other cash received from investment activities:

N/A.

(4) Other cash paid relating to investment activities

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Wealth management product	592,769,083.34	2,580,000,000.00
Total	592,769,083.34	2,580,000,000.00

Notes on other cash paid relating to investment activities:

N/A.

(5) Other cash received from financing activities

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
------	-------------------------	--

Notes on other cash received from financing activities:

(6) Other cash paid relating to financing activities

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Acquisition of minority equity	7,084,000.00	79,784,000.00
Share repurchases	35,491,855.22	
Lease payments	79,710,133.33	67,464,507.36
Others		46,146.02
Total	122,285,988.55	147,294,653.38

Notes on other cash paid relating to financing activities:

N/A.

79. Supplementary information of Cash Flow Statement

(1) Supplementary information of Cash Flow Statement

Unit: RMB

Supplementary information	Amount of the current period	Amount of the prior period
1. Converting net profit into cash flow from operating activities:		
Net profits	924,596,625.69	763,227,694.34
Add: Provision for impairment of assets	53,936,126.62	38,449,202.15
Fixed assets depreciation, oil and gas assets depletion, productive biological assets depreciation	294,470,563.30	281,414,498.98
Depreciation of assets with right of use	95,389,442.15	69,584,293.56
Amortization of intangible assets	9,380,082.30	8,455,930.45
Amortization of long-term deferred expenses	58,034,662.06	60,363,544.85
Losses from disposing fixed assets, intangible assets and other long-term assets (profit shall be filled with "-")	-1,071,272.66	-259,673.92

Losses on scrapping of fixed assets (profit expressed with "-")	1,503,623.24	1,496,639.32
Losses from changes in fair value (profit expressed with "-")	-10,651,162.59	-19,608,183.48
Financial expenses (profit expressed with "-")	7,920,501.97	18,473,848.96
Losses from investment (profit expressed with "-")	-44,129,269.02	-37,589,917.82
Reduction of deferred tax assets (increase expressed with "-")	-21,579,418.78	1,890,462.14
Increase of deferred tax liabilities (decrease expressed with "-")	9,241,143.86	-381,554.92
Decrease in inventories (increase expressed with "-")	-41,957,051.57	-23,035,618.41
Decrease in operating receivables (increase expressed with "-")	-434,772,386.57	-318,292,034.85
Increase in operating payables (decrease expressed with "-")	199,609,989.53	223,271,158.01
Others	525,900.46	5,152,452.81
Net cash flow from operating activities	1,100,448,099.99	1,072,612,742.17
2. Significant investment and financial activities not involving cash receipts and payments:		
Debt into capital		
Convertible corporate bonds due within one year		
Fixed assets leased under finance leases		
3. Net change in cash and cash equivalents:		
Ending balance of cash	1,574,491,482.21	1,141,031,904.89
Less: Beginning balance of cash	1,141,031,904.89	542,921,176.89
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	433,459,577.32	598,110,728.00

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

Unit: RMB

	Amount
Cash or cash equivalents paid in the current period for business combination incurred in the current period	35,634,260.00
Including:	
Jilin Anxin Food Technology Service Co., Ltd.	4,134,260.00
CTI (Nantong) Automobile Technology Service Co., Ltd.	31,500,000.00
Less: Cash and cash equivalents held by the subsidiaries at the	2,726,949.66

purchase date	
Including:	
Jilin Anxin Food Technology Service Co., Ltd.	71,720.80
CTI (Nantong) Automobile Technology Service Co., Ltd.	2,655,228.86
Add: Cash or cash equivalents paid in the current period for business combination incurred in the prior period	5,448,260.11
Including:	
imat-uve gmbh	5,448,260.11
Net cash paid for acquisition of subsidiaries	38,355,570.45

Other remarks:

N/A.

(3) Net cash received from disposing subsidiaries in the current period

N/A.

(4) Composition of cash and cash equivalents

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	1,574,491,482.21	1,141,031,904.89
Including: Cash on hand	42,956.74	221,707.84
Bank deposits available on demand	1,573,780,795.59	1,139,910,589.84
Other monetary funds available on demand	667,729.88	899,607.21
III. Balance of cash and cash equivalents at the end of the period	1,574,491,482.21	1,141,031,904.89

Other remarks:

N/A.

80. Notes to items in the Statement of Changes in Owner's Equity

"Other" items seeing adjustment to the ending balance of the previous year and adjustment amount:

N/A.

81. Assets with ownership or right of use restricted

Unit: RMB

Item	Ending book value	Reason for restriction
Monetary fund	26,900,637.94	Bid bond, performance bond, time deposit or notice deposit as security, and advance payment bond
Total	26,900,637.94	

Other remarks:

N/A.

82. Monetary items denominated in foreign currencies**(1) Monetary items denominated in foreign currencies**

Unit: RMB

Item	Ending balance in a foreign currency	Translation rate	Ending balance in RMB
Monetary fund			
Including: USD	16,689,089.37	6.9646	116,232,831.83
EUR	1,413,419.82	7.4229	10,491,673.98
HKD	2,387,739.25	0.8933	2,132,895.84
GBP	147,409.22	8.3941	1,237,367.73
NTD	21,766,017.00	0.2270	4,940,885.86
SGD	2,713,629.79	5.1831	14,065,014.56
ZAR	3,260,000.20	0.4113	1,340,838.08
MXN	2,235,594.30	0.3577	799,672.08
Accounts receivable			
Including: USD	1,597,016.13	6.9646	11,122,578.54
EUR	2,668,564.31	7.4229	19,808,486.02
HKD	519,308.14	0.8933	463,882.38
GBP	53,927.60	8.3941	452,673.67
NTD	12,200,097.00	0.2270	2,769,422.02
SGD	6,772,882.61	5.1831	35,104,527.86
ZAR	236,862.00	0.4113	97,421.34
MXN	8,634,754.95	0.3577	3,088,651.85
Long-term borrowings			
Including: USD	5,000,000.00	6.9646	34,823,000.00
EUR			
HKD			
GBP	785,359.52	8.3941	6,592,386.35
Other receivables			
Including: USD	7,667.22	6.9646	53,399.12
EUR	138,190.81	7.4229	1,025,776.56
HKD	308,101.11	0.8933	275,217.48
GBP	1,543.00	8.3941	12,952.10
NTD	272,100.00	0.227	61,766.70
SGD	110,980.74	5.1831	575,224.27
ZAR		0.4113	
MXN	35,490.34	0.3577	12,694.89
Accounts payable			
Including: USD	45,947.83	6.9646	320,008.26
EUR	422,802.91	7.4229	3,138,423.72
HKD	480,006.79	0.8933	428,775.67
GBP	9,352.77	8.3941	78,508.09
NTD	6,690,488.00	0.227	1,518,740.78
SGD	860,790.46	5.1831	4,461,563.03
ZAR	100,785.57	0.4113	41,453.10
MXN	1,647,296.73	0.3577	589,238.04
Other payables			

Including: USD	20,041.35	6.9646	139,579.99
EUR	1,326,928.41	7.4229	9,849,656.89
HKD	252,506.94	0.8933	225,556.87
GBP	11,928.62	8.3941	100,130.03
NTD	1,741,895.00	0.227	395,410.17
SGD	529,556.41	5.1831	2,744,743.83
ZAR	130.84	0.4113	53.81
MXN	97,440.96	0.3577	34,854.63

Other remarks:

N/A.

(2) Notes on overseas operating entities, including the disclosure of the main business location overseas, recording currency and selection basis for the important business entity overseas as well as the reason for the change of bookkeeping base currency (if any).

Applicable Not Applicable

83. Hedging

Disclose hedged items and relevant hedging tools, quantitative and qualitative information of hedged risks by hedging type:

84. Government grants

(1) Overview of government grants

Unit: RMB

Category	Amount	Presented item	Amount included in current gain or loss
Government grants included in deferred income	9,437,344.00	See note 51, VII, Section X	16,851,220.76
Government grants included in other income	60,628,381.27	See note 67, VII, Section X	60,628,381.27
Government grants writing off cost and expense	304,700.00	Government grants related to income	304,700.00
Total	70,370,425.27		77,784,302.03

(2) Refund of government grants

Applicable Not Applicable

Other remarks:

85. Others

N/A.

VIII. Changes in the scope of consolidated financial statements

1. Business combination not under the same control

(1) Business combination not under the same control in the current period

Unit: RMB

Name of acquiree	Date of equity acquisition	Cost of equity acquisition	Proportion of equity acquisition	Method of equity acquisition	Purchase date	Confirmation basis for purchase date	Income of acquiree from the purchase date to the end of the period	Net profits of acquiree from the purchase date to the end of the period
Jilin Anxin Food Technology Service Co., Ltd.	January 11, 2022	7,134,260.00	70.00%	Purchase with cash	January 11, 2022	Acquisition of control	10,201,039.94	-3,305,151.68
CTI (Nantong) Automobile Technology Service Co., Ltd.	May 13, 2022	36,900,000.00	100.00%	Purchase with cash	May 13, 2022	Acquisition of control	2,040,916.49	-3,077,515.05

Other remarks:

N/A.

(2) Combination cost and goodwill

Unit: RMB

Combination cost	Jilin Anxin Food Technology Service Co., Ltd.	CTI (Nantong) Automobile Technology Service Co., Ltd.
- Cash	7,134,260.00	35,000,000.00
- Fair value of non-cash assets		
- Fair value of debt issued or assumed		
- Fair value of equity securities issued		
- Fair value of contingent consideration		1,900,000.00
- Fair value on purchase date of equity held before the purchase date		
- Others		
Total combination cost	7,134,260.00	36,900,000.00
Less: Fair value of identifiable net assets acquired	1,406,172.99	18,438,351.47
Goodwill/amount of combination cost less than the fair value of the identifiable net assets acquired	5,728,087.01	18,461,648.53

Determination method for the fair value of combination cost, contingency consideration and its changes:

Determination of the fair value of combination cost, contingency consideration and its changes

The fair value of combination cost shall be determined subject to the cash actually paid and contingent consideration.

Main reason for the formation of large goodwill

The amount of the fair value of combination cost is greater than the fair value of identifiable net assets acquired by the acquiree in the merger.

Main reason for the formation of large goodwill:

Other remarks:

(3) Identifiable assets and liabilities of the acquiree on the purchase date

Unit: RMB

	Jilin Anxin Food Technology Service Co., Ltd.		CTI (Nantong) Automobile Technology Service Co., Ltd.	
	Fair value on the purchase date	Book value on the purchase date	Fair value on the purchase date	Book value on the purchase date
Assets:				
Monetary fund	71,720.80	71,720.80	2,655,228.86	2,655,228.86
Accounts receivables	702,972.20	702,972.20	1,353,226.82	1,353,226.82
Inventories				
Fixed assets	3,340,584.97	3,340,584.97	13,460,597.35	13,460,597.35
Intangible assets				
Advance payment	738,029.33	738,029.33	308.05	308.05
Other receivables	299,840.89	299,840.89	64,467.52	64,467.52
Other current assets			1,928,832.87	1,928,832.87
Long-term deferred expenses	18,795.08	18,795.08	882,787.61	882,787.61
Other non-current assets	43,176.00	43,176.00		
Liabilities:				
Borrowings				
Accounts payable	1,526,806.88	1,526,806.88	1,644,006.13	1,644,006.13
Deferred tax liabilities				
Contract liabilities	316,273.50	316,273.50		
Payroll payable	1,239,032.59	1,239,032.59	251,587.50	251,587.50
Taxes payable	-103,686.79	-103,686.79	122.65	122.65
Other payables	227,874.54	227,874.54	11,381.33	11,381.33
Net assets	2,008,818.55	2,008,818.55	18,438,351.47	18,438,351.47
Less: Minority equity	602,645.57	602,645.57		
Net assets acquired	1,406,172.98	1,406,172.98	18,438,351.47	18,438,351.47

Method for determining fair values of identifiable assets and liabilities:

N/A.

Contingent liabilities of the acquiree undertaken in business combination:

Other remarks:

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

Whether there is a transaction where a business combination is realized step by step through multiple transactions and the controlling rights are acquired within the reporting period

Yes No

(5) Explanation for failure to reasonably determine the combination consideration or fair value of identifiable assets and liabilities of the acquiree at purchase date or at the end of the combination period

N/A.

(6) Other notes

N/A.

2. Business combination under the same control**(1) Business combination under the same control in the current period**

Unit: RMB

Name of the combined party	Proportion of equity acquired in business combination	Basis for business combination under the same control	Date of combination	Basis for determination of date of combination	Income of the combined party from the beginning of the combination period to the date of combination	Net profit of the combined party from the beginning of the combination period to the date of combination	Revenue of the combined party during comparison	Net profit of combined party during comparison

Other remarks:

(2) Combination cost

N/A.

3. Counter purchase

Basic information of the transaction, bases for determining the transaction as counter purchase, whether assets and liabilities retained by the listed company constitute business and the bases, determination of the combination cost, and amount and calculation process of the equity adjustment when being treated as an equity transaction:

4. Disposal of subsidiaries

Whether there is a situation in which the control over a subsidiary is lost after a single disposal of the investment in it

Yes No

Whether there is a situation in which the control over a subsidiary is lost in the current period after several disposals of the investment in it

Yes No

5. Combination scope change for other reasons

Changes in the combination scope for other reasons (such as the establishment and liquidation of subsidiaries) and related information:

Newly established subsidiaries in the current period: CTI Data Certification and Testing (Shenzhen) Co., Ltd., Guangzhou CTI Pinjian Biotechnology Co., Ltd. and Sichuan CTI Testing Technology Co., Ltd.

6. Others

N/A.

IX. Equities in other entities

1. Equity in subsidiaries

(1) Group composition

Name of subsidiary	Principal place of business	Place of registration	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Shenzhen CTI Testing Co., Ltd.	Shenzhen City	Shenzhen City	Technical testing industry	100.00%		Establishment
Centre Testing International (Beijing) Co., Ltd	Beijing City	Beijing City	Technical testing industry	100.00%		Establishment
Suzhou CTI Testing Technology Co., Ltd.	Suzhou City	Suzhou City	Technical testing industry	95.00%	5.00%	Establishment
Centre Testing International (Hong Kong) Co., Ltd.	Hong Kong, China	Hong Kong, China	Technical testing industry	100.00%		Establishment
CENTRE TESTING INTERNATIONAL PTE.LTD.	Singapore	Singapore	Technical testing industry		100.00%	Establishment
Taiwan CTI Testing Technology Co., Ltd.	Taiwan, China	Taiwan, China	Technical testing industry		100.00%	Establishment
CTI U.S. INC.	USA	USA	Technical testing industry		100.00%	Establishment
CEM INTERNATIONAL LIMITED	UK	UK	Technical testing industry		70.00%	Merger with business not under the same control
CTI-CEM INTERNATIONAL LIMITED	UK	UK	Technical testing industry		70.00%	Merger with business not under the same control
POLY NDT	Singapore	Singapore	Technical testing		100.00%	Merger with

(PRIVATE) LIMITED			industry			business not under the same control
MARITEC PTE. LTD.	Singapore	Singapore	Technical testing industry		100.00%	Merger with business not under the same control
CTI Germany Management GmbH	Germany	Germany	Technical testing industry		100.00%	Establishment
CTI Germany Holding GmbH & Co. KG	Germany	Germany	Technical testing industry		100.00%	Establishment
imat-uve gmbh	Germany	Germany	Technical testing industry		90.00%	Merger with business not under the same control
IMAT-UVE AUTOMOTIVE TESTING CENTRE (PTY) LTD.	South Africa	South Africa	Technical testing industry		90.00%	Merger with business not under the same control
IMAT AUTOMOTIVE TECHNOLOGY SERVICES INC.	USA	USA	Technical testing industry		90.00%	Merger with business not under the same control
IMAT AUTOMOTIVE TECHNOLOGY SERVICES MEXICO. S. DE R.L. DE C.V.	Mexico	Mexico	Technical testing industry		90.00%	Merger with business not under the same control
Imat (Shenyang) Automotive Technology Co., Ltd.	Shenyang City	Shenyang City	Technical testing industry		90.00%	Merger with business not under the same control
Shanghai Imat Automotive Technology Service Co., Ltd.	Shanghai City	Shanghai City	Technical testing industry		90.00%	Merger with business not under the same control
Qingdao CTI Testing Technology Co., Ltd.	Qingdao City	Qingdao City	Technical testing industry	100.00%		Establishment
Shanghai CTI Pinbiao Testing Technology Co., Ltd.	Shanghai City	Shanghai City	Technical testing industry	78.73%	21.27%	Establishment
Xiamen CTI Testing Technology Co., Ltd.	Xiamen City	Xiamen City	Technical testing industry		100.00%	Establishment
Ningbo CTI Testing Technology Co., Ltd.	Ningbo City	Ningbo City	Technical testing industry		100.00%	Establishment
Shenzhen CTI	Shenzhen City	Shenzhen City	Technical		100.00%	Merger with

International Certification Co., Ltd.			certification			business not under the same control
Beijing CTI Excellent Technology Service Co., Ltd.	Beijing City	Beijing City	Technical testing industry		100.00%	Establishment
Zhejiang Hua'an Energy Saving Engineering Co., Ltd.	Hangzhou City	Hangzhou City	Technical testing industry		100.00%	Establishment
Shenzhen CTI Commodity Testing and Survey Co., Ltd.	Shenzhen City	Shenzhen City	Technical qualification	100.00%		Merger with business not under the same control
CTI Biotechnology (Suzhou) Co., Ltd.	Suzhou City	Suzhou City	Technical testing industry		85.38%	Establishment
Guangdong CTI Judicial Authentication Center	Shenzhen City	Shenzhen City	Technical qualification	100.00%		Establishment
Shenzhen CTI Training Center	Shenzhen City	Shenzhen City	Service industry	100.00%		Establishment
Shenzhen CTI Institute of Reference Materials	Shenzhen City	Shenzhen City	Technical testing industry	100.00%		Establishment
Shanghai CTI Biological Technology Co., Ltd.	Shanghai City	Shanghai City	Trade	100.00%		Establishment
Shenzhen CTI Private Equity Fund Management Co., Ltd.	Shenzhen City	Shenzhen City	Service industry	100.00%		Establishment
Shenzhen CTI Information Technology Co., Ltd.	Shenzhen City	Shenzhen City	Technical service	100.00%		Establishment
Anhui CTI Testing Technology Co., Ltd.	Hefei City	Hefei City	Technical testing industry		100.00%	Establishment
Centre Testing International Pinbiao (Guangzhou) Co., Ltd.	Guangzhou City	Guangzhou City	Technical testing industry		100.00%	Establishment
Guangzhou CTI Occupational Health Outpatient Department Co., Ltd.	Guangzhou City	Guangzhou City	Service industry		85.38%	Establishment
Shanghai CTI-	Shanghai City	Shanghai City	Service industry		85.38%	Establishment

Medlab Medical Testing Institute Co., Ltd.						
Chongqing CTI Testing Technology Co., Ltd.	Chongqing City	Chongqing City	Technical testing industry		100.00%	Establishment
CTI CSERC (Suzhou) Co., Ltd.	Suzhou City	Suzhou City	Technical service		85.38%	Merger with business not under the same control
Wuhan CTI Testing Technology Co., Ltd.	Wuhan City	Wuhan City	Technical testing industry	100.00%		Establishment
Huai'an CTI Testing Technology Co., Ltd.	Huai'an City	Huai'an City	Technical testing industry		100.00%	Establishment
Dalian Huaxin Physical and Chemical Testing Center Co., Ltd.	Dalian City	Dalian City	Technical testing industry		100.00%	Merger with business not under the same control
Heilongjiang CTI Testing Technology Co., Ltd.	Harbin City	Harbin City	Technical testing industry	100.00%		Merger with business not under the same control
Hangzhou CTI Testing Technology Co., Ltd.	Hangzhou City	Hangzhou City	Technical testing industry		100.00%	Establishment
Hunan Pinbiao CTI Testing Technology Co., Ltd.	Changsha City	Changsha City	Technical testing industry		100.00%	Establishment
Hangzhou Hua'an Testing Technology Co., Ltd.	Hangzhou City	Hangzhou City	Technical testing industry	100.00%		Merger with business not under the same control
Xinjiang Kerui Testing Technology Co., Ltd.	Karamay City	Karamay City	Technical testing industry		100.00%	Establishment
Shenzhen Taikenilin Technology Development Co., Ltd.	Shenzhen City	Shenzhen City	Technical testing industry		100.00%	Establishment
Hangzhou Hua'an Testing Technology Co., Ltd.	Hangzhou City	Hangzhou City	Technical testing industry		100.00%	Establishment
Zhoushan Jingwei Shipping Service Co., Ltd.	Zhoushan City	Zhoushan City	Technical testing industry		60.00%	Merger with business not under the same control
Shanghai CTI	Shanghai City	Shanghai City	Technical testing	100.00%		Establishment

Pinzheng Testing Technology Co., Ltd.			industry			
Guizhou CTI Testing Technology Co., Ltd.	Guiyang City	Guiyang City	Technical testing industry		100.00%	Establishment
Nanchang CTI Testing Certification Co., Ltd.	Nanchang City	Nanchang City	Technical testing industry		100.00%	Establishment
Henan CTI Testing Technology Co., Ltd.	Zhengzhou City	Zhengzhou City	Technical testing industry		100.00%	Merger with business not under the same control
Tianjin CTI Testing Certification Co., Ltd.	Tianjin City	Tianjin City	Technical testing industry	100.00%		Establishment
Yunnan CTI Testing Certification Co., Ltd.	Kunming City	Kunming City	Technical testing industry		100.00%	Establishment
CTI Engineering Testing Co., Ltd.	Guangzhou City	Guangzhou City	Technical testing industry	100.00%		Merger with business not under the same control
Ningbo Quality Assurance Co., Ltd. (NQA)	Ningbo City	Ningbo City	Technical testing industry	100.00%		Merger with business not under the same control
Hebei CTI Testing Services Co., Ltd.	Shijiazhuang City	Shijiazhuang City	Technical testing industry		100.00%	Establishment
Beijing CTI Agro-food Certification Co., Ltd.	Beijing City	Beijing City	Technical certification		100.00%	Merger with business not under the same control
Gansu CTI Testing Certification Co., Ltd.	Lanzhou City	Lanzhou City	Technical testing industry		100.00%	Establishment
Jiangsu CTI Pinbiao Testing Technology Co., Ltd.	Nanjing City	Nanjing City	Technical testing industry		100.00%	Establishment
Jiangyin CTI Zhi'an Outpatient Department Co., Ltd.	Jiangyin City	Jiangyin City	Service industry		68.30%	Merger with business not under the same control
Suzhou Wuzhong Economic Development Zone Jiakang Outpatient Department Co., Ltd.	Suzhou City	Suzhou City	Service industry		68.30%	Merger with business not under the same control

Shenzhen CTI Pest Control Co., Ltd.	Shenzhen City	Shenzhen City	Service industry	67.00%		Establishment
Shenzhen CTI Laboratory Technology Service Co., Ltd.	Shenzhen City	Shenzhen City	Service industry	67.00%		Establishment
Centre Testing Electronic Certification Co., Ltd.	Zhengzhou City	Zhengzhou City	Technical certification	71.26%		Merger with business not under the same control
Henan Hucheng Information Technology Co., Ltd.	Zhengzhou City	Zhengzhou City	Service industry		71.26%	Merger with business not under the same control
Fujian Science Way Testing Co., Ltd. (SW)	Putian City	Putian City	Technical testing industry	51.00%		Merger with business not under the same control
Guangxi CTI Testing Certification Co., Ltd.	Nanning City	Nanning City	Technical testing industry		100.00%	Establishment
Shenzhen CTI Metrology Technology Co., Ltd.	Shenzhen City	Shenzhen City	Technical testing industry		100.00%	Establishment
Ningguo CTI Testing Technology Co., Ltd.	Ningguo City	Ningguo City	Technical testing industry	100.00%		Establishment
Guangzhou CTI Testing Certification Technology Co., Ltd.	Guangzhou City	Guangzhou City	Technical testing industry	100.00%		Establishment
CTI River Environment Technology (Shenzhen) Co., Ltd.	Shenzhen City	Shenzhen City	Service industry		51.00%	Establishment
Inner Mongolia CTI QC Technology Service Co., Ltd.	Hohhot City	Hohhot City	Technical testing industry	100.00%		Establishment
Suzhou CTI Engineering Testing Co., Ltd.	Suzhou City	Suzhou City	Technical testing industry	100.00%		Establishment
Shenzhen CTI Reference Materials Research Center Co., Ltd.	Shenzhen City	Shenzhen City	Service industry	100.00%		Establishment
Centre Testing International Pinbiao (Fuzhou) Co., Ltd.	Fuzhou City	Fuzhou City	Technical testing industry		100.00%	Establishment

Centre Testing International Pinbiao (Liaoning) Co., Ltd.	Shenyang City	Shenyang City	Technical testing industry	100.00%		Establishment
Zhongshan CTI Testing Technology Co., Ltd.	Zhongshan City	Zhongshan City	Technical testing industry	100.00%		Establishment
Dongguan CTI Testing Certification Co., Ltd.	Dongguan City	Dongguan City	Technical testing industry	100.00%		Establishment
Sichuan CTI Jianxin Testing Technology Co., Ltd.	Chengdu City	Chengdu City	Technical testing industry	80.00%		Merger with business not under the same control
Chengdu CTI Testing Technology Co., Ltd.	Chengdu City	Chengdu City	Technical testing industry	100.00%		Establishment
Shenyang CTI Testing Technology Co., Ltd.	Shenyang City	Shenyang City	Technical testing industry	100.00%		Establishment
Shanghai CTI Zhike Materials Technology Co., Ltd.	Shanghai City	Shanghai City	Technical testing industry	70.00%		Establishment
Pinbiao Environmental Technology Co., Ltd.	Xi'an City	Xi'an City	Technical testing industry		100.00%	Establishment
Shanxi CTI Testing Certification Co., Ltd.	Taiyuan City	Taiyuan City	Technical testing industry		100.00%	Establishment
Centre Testing International Group (Shandong) Co., Ltd	Qingdao City	Qingdao City	Technical testing industry	100.00%		Establishment
Wuhan Huaxin Physical and Chemical Testing Technology Center Co., Ltd.	Wuhan City	Wuhan City	Technical testing industry		100.00%	Establishment
Hebei CTI Junrui Testing Technology Co., Ltd.	Shijiazhuang City	Shijiazhuang City	Technical testing industry	68.00%		Merger with business not under the same control
Henan CTI Quantong Engineering Testing Co., Ltd.	Zhengzhou City	Zhengzhou City	Technical testing industry	80.00%		Establishment
Zhejiang CTI Yuanjian Testing	Hangzhou City	Hangzhou City	Technical testing industry	51.00%		Merger with business not

Co., Ltd.						under the same control
Zhejiang Huajian Technology Development Co., Ltd.	Hangzhou City	Hangzhou City	Technical testing industry		51.00%	Merger with business not under the same control
Chengdu Xijiao CTI Rail Transit Technology Co., Ltd.	Chengdu City	Chengdu City	Technical testing industry		60.00%	Establishment
Shanghai CTI Pinchuang Medical Testing Co., Ltd.	Shanghai City	Shanghai City	Technical testing industry		85.38%	Establishment
Tianjin Eco-City Environmental Technology Co., Ltd.	Tianjin City	Tianjin City	Technical testing industry		51.00%	Merger with business not under the same control
Shenzhen CTI Medical Laboratory	Shenzhen City	Shenzhen City	Service industry		85.38%	Establishment
CTI Hubei Co., Ltd.	Wuhan City	Wuhan City	Technical testing industry		100.00%	Establishment
CTI Special Equipment Testing (Beijing) Co., Ltd.	Beijing City	Beijing City	Technical testing industry		70.00%	Establishment
Maritec (Shanghai) Co., Ltd.	Shanghai City	Shanghai City	Technical testing industry		100.00%	Establishment
Zhengzhou CTI-Medlab Medical Testing Co., Ltd.	Zhengzhou City	Zhengzhou City	Service industry		59.77%	Establishment
Qingdao CTI Medical Laboratory	Qingdao City	Qingdao City	Service industry		85.38%	Establishment
Tianjin CTI Medical Laboratory	Tianjin City	Tianjin City	Service industry		85.38%	Establishment
Suzhou CTI Medical Laboratory	Suzhou City	Suzhou City	Service industry		85.38%	Establishment
Kunming CTI Medical Laboratory	Kunming City	Kunming City	Service industry		85.38%	Establishment
Beijing CTI Medical Laboratory	Beijing City	Beijing City	Service industry		85.38%	Establishment
Shanghai CTI Aiyuan Medical Testing Institute Co., Ltd.	Shanghai City	Shanghai City	Service industry		85.38%	Establishment
How-To NPD Consulting Co., Ltd.	Shanghai City	Shanghai City	Service industry		60.00%	Merger with business not under the same control
How-To	Shanghai City	Shanghai City	Service industry		60.00%	Merger with

Technology (Shanghai) Co., Ltd.						business not under the same control
Jiangxi Yingyong CTI Testing Co., Ltd.	Ganzhou City	Ganzhou City	Service industry	100.00%		Establishment
Tibet CTI Testing Technology Co., Ltd.	Linzhi City	Linzhi City	Technical testing industry		100.00%	Establishment
CTI Guoruan Technical Services (Nanjing) Co., Ltd.	Nanjing City	Nanjing City	Service industry	51.00%		Establishment
Nanfang Pinbiao CTI Testing (Shenzhen) Co., Ltd.	Shenzhen City	Shenzhen City	Service industry	100.00%		Establishment
Centre Testing International Pindong (Shanghai) Co., Ltd.	Shanghai City	Shanghai City	Service industry	100.00%		Establishment
Beifang Pinbiao CTI Testing (Beijing) Co., Ltd.	Beijing City	Beijing City	Service industry	100.00%		Establishment
CTI Data Certification and Testing (Shenzhen) Co., Ltd.	Shenzhen City	Shenzhen City	Technical service		51.00%	Establishment
Guangzhou CTI Pinjian Biotechnology Co., Ltd.	Guangzhou City	Guangzhou City	Service industry		68.30%	Establishment
Jilin Anxin Food Technology Service Co., Ltd.	Changchun City	Changchun City	Technical testing industry	70.00%		Merger with business not under the same control
CTI (Nantong) Automobile Technology Service Co., Ltd.	Nantong City	Nantong City	Service industry	100.00%		Merger with business not under the same control
Sichuan CTI Testing Technology Co., Ltd.	Chengdu City	Chengdu City	Technical service	100.00%		Establishment

Explanation for the difference between the shareholding ratio and voting right ratio in subsidiaries:

N/A.

Bases for the fact that the investee is controlled with half or less voting rights and the fact that the investee is not controlled with half or more voting rights:

N/A.

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

N/A.

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

Other remarks:

(2) Major non-wholly-owned subsidiaries

Unit: RMB

Name of subsidiary	Shareholding ratio of minority shareholders	Profit and loss attributable to minority shareholders in the current period	Dividend announced to be distributed to minority shareholders in the current period	Ending balance of minority equity
Shenzhen CTI Pest Control Co., Ltd.	33.00%	1,364,390.75		44,677.14
Shenzhen CTI Laboratory Technology Service Co., Ltd.	33.00%	1,966,015.67	2,990,625.00	7,439,468.37
Centre Testing Electronic Certification Co., Ltd.	28.74%	5,594,182.78	2,874,000.00	35,656,359.07
Fujian Science Way Testing Co., Ltd. (SW)	49.00%	350,610.94		1,948,106.43
Sichuan CTI Jianxin Testing Technology Co., Ltd.	20.00%	927,768.70		5,515,650.27
Shanghai CTI Zhike Materials Technology Co., Ltd.	30.00%	-177,218.65		2,524,419.23
Hebei CTI Junrui Testing Technology Co., Ltd.	32.00%	762,023.54		3,682,551.93
Henan CTI Quantong Engineering Testing Co., Ltd.	20.00%	-808,586.29		48,327.92
Zhejiang CTI Yuanjian Testing Co., Ltd.	49.00%	-179,317.69		5,148,041.87
Chengdu Xijiao CTI Rail Transit Technology Co., Ltd.	40.00%	-693,294.90		1,220,224.94
Shanghai CTI Pinchuang Medical Testing Co., Ltd.	14.62%	8,370,182.10		86,506,015.10
Tianjin Eco-City Environmental Technology Co., Ltd.	49.00%	-323,112.56		22,480,685.81
How-To NPD Consulting Co., Ltd.	40.00%	3,922,270.51		8,509,493.20
CTI Guoruan Technical Services (Nanjing) Co., Ltd.	49.00%	-167,975.89		906,560.52
Jilin Anxin Food Technology Service Co., Ltd.	30.00%	-991,545.50		-388,899.93
imat-uve gmbh	10.00%	825,413.44		3,369,782.42

Explanation for the difference between the shareholding ratio and the voting right ratio of minority shareholders in subsidiaries:

N/A.

Other remarks:

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

Unit: RMB

Name of subsidiary	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen CTI Pest Control Co., Ltd.	13,208,062.95	1,447,448.99	14,655,511.94	13,960,657.53	869,683.90	14,830,341.43	5,297,206.96	222,801.58	5,520,008.54	9,890,350.72	2,820.00	9,893,170.72
Shenzhen CTI Laboratory Technology Service Co., Ltd.	54,232,417.07	319,077.94	54,551,495.01	29,035,678.17	21,782.95	29,057,461.12	38,432,108.08	126,279.69	38,558,387.77	19,488,703.05	2,064.92	19,490,767.97
Centre Testing Electronic Certification Co., Ltd.	133,199,469.68	3,145,010.69	136,344,480.37	12,143,550.16	135,658.58	12,279,208.74	122,006,837.64	2,868,356.35	124,875,193.99	10,192,179.99	82,539.80	10,274,719.79
Fujian Science Way Testing Co., Ltd. (SW)	6,919,128.02	513,105.79	7,432,233.81	3,456,133.71	372.70	3,456,506.41	4,784,345.83	1,136,092.56	5,920,438.39	2,493,045.38	167,198.14	2,660,243.52
Sichuan CTI Jianxin Testing Technology Co., Ltd.	45,237,352.54	12,801,936.67	58,039,289.21	26,077,454.62	4,383,583.23	30,461,037.85	45,576,626.99	15,165,364.11	60,741,991.10	30,880,521.41	5,230,740.02	36,111,261.43
Shanghai CTI Zhike Materials Technology Co., Ltd.	6,422,736.45	3,595,591.26	10,018,327.71	1,342,758.53	259,866.10	1,602,624.63	5,454,444.37	4,365,674.94	9,820,119.31	812,272.81	1,414.58	813,687.39
Hebei CTI Junrui Testing Technology Co., Ltd.	17,744,368.21	7,440,639.50	25,185,007.71	11,572,198.45	2,013,507.25	13,585,705.70	10,032,648.69	4,442,109.13	14,474,757.82	7,169,626.57	112,742.66	7,282,369.23
Henan CTI Quantong Engineering Testing Co., Ltd.	1,743,891.56	153,563.09	1,897,454.65	469,170.76		469,170.76	2,553,563.52	14,140,110.27	16,693,673.79	2,842,267.31	8,380,191.16	11,222,458.47
Zhejiang CTI	9,631,498.99	6,419,082.32	16,050,581.31	5,193,423.83	369,479.02	5,562,902.85	7,916,160.08	8,856,859.88	16,773,019.96	4,520,296.99	1,399,090.05	5,919,387.04

Yuanjian Testing Co., Ltd.													
Chengdu Xijiao CTI Rail Transit Technology Co., Ltd.	4,719,329.80	1,451,196.80	6,170,526.60	2,278,396.89	841,567.37	3,119,964.26	5,992,018.88	367,078.02	6,359,096.90	1,928,499.99	1,046,797.32	2,975,297.31	
Shanghai CTI Pinchuang Medical Testing Co., Ltd.	532,082,749.74	320,697,209.79	852,779,959.53	216,304,058.52	35,693,489.69	251,997,548.21	214,343,024.48	216,634,913.54	430,977,938.02	167,833,587.96	35,643,928.74	203,477,516.70	
Tianjin Eco-City Environmental Technology Co., Ltd.	61,919,393.86	201,741.95	62,121,135.81	16,239,735.76	2,449.41	16,242,185.17	65,445,432.87	272,126.08	65,717,558.95	19,176,011.36	3,183.57	19,179,194.93	
How-To NPD Consulting Co., Ltd.	25,212,075.27	10,704,367.86	35,916,443.13	11,023,282.94	3,619,427.20	14,642,710.14	15,546,819.24	9,818,870.41	25,365,689.65	10,918,383.78	2,979,249.16	13,897,632.94	
CTI Guoruan Technical Services (Nanjing) Co., Ltd.	3,345,814.63	144,511.15	3,490,325.78	1,632,303.99	3,612.55	1,635,916.54	1,698,363.92	3,637.44	1,702,001.36	164,784.19		164,784.19	
Jilin Anxin Food Technology Service Co., Ltd.	6,507,971.80	2,745,579.60	9,253,551.40	10,549,884.53		10,549,884.53							
imat-uve gmbh	65,213,338.98	46,305,841.28	111,519,180.26	53,920,576.23	21,355,138.43	75,275,714.66	43,921,211.89	35,211,637.69	79,132,849.58	33,661,298.97	17,852,836.49	51,514,135.46	

Unit: RMB

Name of subsidiary	Current amount incurred				Amount incurred in the previous period			
	Operating income	Net profits	Total comprehensive income	Cash flow from operating activities	Operating income	Net profits	Total comprehensive income	Cash flow from operating activities
Shenzhen CTI Pest Control Co., Ltd.	39,288,240.21	4,198,332.69	4,198,332.69	1,972,833.88	12,420,899.91	-4,600,507.13	-4,600,507.13	516,371.40
Shenzhen CTI Laboratory Technology Service Co., Ltd.	75,382,281.15	9,426,414.09	9,426,414.09	9,185,574.24	55,614,700.36	6,231,851.19	6,231,851.19	11,028,429.37
Centre Testing Electronic Certification Co., Ltd.	48,457,052.83	19,464,797.43	19,464,797.43	25,919,965.13	42,974,079.91	12,558,524.15	12,558,524.15	8,733,183.34

Fujian Science Way Testing Co., Ltd. (SW)	7,346,264.08	715,532.53	715,532.53	-1,172,172.24	6,274,181.43	1,147,768.08	1,147,768.08	2,410,067.47
Sichuan CTI Jianxin Testing Technology Co., Ltd.	25,013,972.17	2,947,521.69	2,947,521.69	7,393,555.58	37,531,390.77	7,904,608.78	7,904,608.78	3,643,948.82
Shanghai CTI Zhike Materials Technology Co., Ltd.	2,784,006.52	-590,728.84	-590,728.84	1,025,519.32	3,589,448.84	502,840.76	502,840.76	-1,416,184.54
Hebei CTI Junrui Testing Technology Co., Ltd.	10,568,507.87	2,406,913.42	2,406,913.42	-1,761,087.54	12,256,623.88	6,325,828.68	6,325,828.68	1,659,363.74
Henan CTI Quantong Engineering Testing Co., Ltd.	560,263.74	-4,042,931.43	-4,042,931.43	488,831.94	2,169,926.55	-2,705,755.81	-2,705,755.81	-408,665.12
Zhejiang CTI Yuanjian Testing Co., Ltd.	15,035,059.05	-365,954.46	-365,954.46	814,925.88	13,691,922.64	1,268,014.52	1,268,014.52	3,326,339.87
Chengdu Xijiao CTI Rail Transit Technology Co., Ltd.	2,129,051.36	-1,733,237.25	-1,733,237.25	-573,525.86	3,972,174.86	-1,373,818.41	-1,373,818.41	-1,509,421.04
Shanghai CTI Pinchuang Medical Testing Co., Ltd.	560,082,662.66	126,626,990.00	126,626,990.00	128,843,327.71	367,999,371.08	75,366,428.63	75,366,428.63	172,622,415.21
Tianjin Eco-City Environmental Technology Co., Ltd.	10,161,626.07	-659,413.38	-659,413.38	909,467.23	17,518,383.79	2,966,948.31	2,966,948.31	-2,598,420.51
How-To NPD Consulting Co., Ltd.	45,883,939.61	9,805,676.28	9,805,676.28	8,137,628.70	42,371,576.03	7,209,406.84	7,209,406.84	9,724,455.72
CTI Guoruan Technical Services (Nanjing) Co., Ltd.	3,095,302.59	-342,807.93	-342,807.93	-146,339.93	56,603.77	-92,782.83	-92,782.83	39,332.23
Jilin Anxin Food Technology Service Co., Ltd.	10,201,039.94	-3,305,151.68	-3,305,151.68	4,054,186.29				
imat-uve gmbh	141,244,140.74	8,254,134.44	8,254,134.44	30,158,322.74	11,585,838.17	839,488.18	839,488.18	3,834,954.88

Other remarks:

Note: imat-uve gmbh was consolidated in December 2021, and the amount incurred in the previous period in the above table is the data of December 2021.

(4) Major restriction on using the assets of the Group and debt liquidation of the Group

N/A.

(5) Financial or other supports provided for structured entities included in the consolidated financial statements

Other remarks:

2. Transaction where the share of equity interest in the subsidiary by its owner has changed, with control retained over the subsidiary**(1) Owners' equity shares changed in subsidiaries**

Shanghai CTI Zhike Materials Technology Co., Ltd. (hereinafter referred to as Shanghai Zhike): On December 20, 2021, Shenzhen Huacheng Junda transferred its 19% equity of Shanghai Zhike to the Company at a price of RMB 1.9 million. Upon acquisition, the Company's shareholding ratio in Shanghai CTI Zhike was changed from 51% to 70%. On January 11, 2022, the Company paid RMB 1.9 million for the equity transfer of Shenzhen Huacheng Junda. On January 6, 2022, Shanghai CTI Zhike completed relevant industrial and commercial changes.

Sichuan CTI Jianxin Testing Technology Co., Ltd. (hereinafter referred to as Sichuan Jianxin): In November 2022, the minority shareholders of Sichuan Jianxin transferred their 12% equity of Sichuan Jianxin to the Company at a price of RMB 5.76 million. Upon acquisition, the Company's shareholding ratio in Sichuan Jianxin was changed from 68% to 80%. The Company paid the first installment of RMB 5.184 million for the equity transfer in November 2022.

Shanghai CTI Pinchuang Medical Testing Co., Ltd. (hereinafter referred to as Shanghai Pinchuang): In July 2022, the minority shareholders of Shanghai Pinchuang injected capital of RMB 196.6685 million into Shanghai Pinchuang, and the Company's shareholding ratio in Shanghai Pinchuang decreased from 100% to 87.97%. In December 2022, the minority shareholders of Shanghai Pinchuang injected capital of RMB 48.3865 million into Shanghai Pinchuang, and the Company's shareholding ratio in Shanghai Pinchuang dropped from 87.97% to 85.38%.

(2) Impact on minority equity and owner's equity attributable to the parent company

Unit: RMB

	Shanghai CTI Zhike Materials Technology Co., Ltd.	Sichuan CTI Jianxin Testing Technology Co., Ltd.	Shanghai CTI Pinchuang Medical Testing Co., Ltd. (shareholding ratio down to 87.97%)	Shanghai CTI Pinchuang Medical Testing Co., Ltd. (shareholding ratio down to 85.38%)
Purchase cost/disposal consideration				
- Cash	1,900,000.00	5,760,000.00	196,668,500.00	48,386,500.00

- Fair value of non-cash assets				
Total purchase cost/disposal consideration	1,900,000.00	5,760,000.00	196,668,500.00	48,386,500.00
Less: Subsidiaries' share of net assets calculated based on equity ratio received/disposed of	1,711,513.76	3,293,951.92	57,314,937.09	20,820,895.91
Difference	188,486.24	2,466,048.08		
Including: Adjusted capital reserves	188,486.24	2,466,048.08	139,353,562.91	27,565,604.09
Adjusted surplus reserves				
Adjusted undistributed profits				

Other remarks:

N/A.

3. Equity in joint ventures or associates

(1) Important joint ventures or associates

Name of joint venture or associate	Principal place of business	Place of registration	Business nature	Shareholding ratio (%)		Accounting method for investments in joint venture or associate
				Direct	Indirect	
This is text	This is text	This is text	This is text	Direct	Indirect	This is text
Zhengjiang Fangyuan Electrical Equipment Testing Co., Ltd.	Jiaxing City	Jiaxing City	Technical service	13.00%		Accounting by equity method

Explanation for the difference between shareholding ratio and voting right ratio in joint ventures or associates:

N/A.

Bases for one having voting rights of below 20% and significant influences or one having voting rights of 20% or above but no significant influences:

N/A.

(2) Main financial information of important joint ventures

N/A.

(3) Main financial information of important associates

Unit: RMB

	Ending balance/amount incurred in the current period	Beginning balance/amount incurred in the previous period
	Zhengjiang Fangyuan Electrical Equipment Testing Co., Ltd.	Zhengjiang Fangyuan Electrical Equipment Testing Co., Ltd.
Current assets	454,943,090.97	349,275,334.09
Non-current assets	518,853,668.73	438,367,502.43
Total assets	973,796,759.70	787,642,836.52
Current liabilities	259,542,821.23	237,948,969.13
Non-current liabilities		
Total liabilities	259,542,821.23	237,948,969.13
Minority equity		
Shareholders' equity attributable to the parent company	714,253,938.47	549,693,867.39
Share of net assets calculated by the shareholding ratio	92,853,012.00	71,460,202.76
Adjustments		
- Goodwill		
- Unrealized profits of internal transactions		
- Others		
Book value of equity investment in associates	137,337,232.59	115,961,211.71
Fair value of equity investment in associates with public offer		
Operating income	411,719,680.91	313,387,885.05
Net profits	188,430,929.90	136,601,588.62
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	188,430,929.90	136,601,588.62
Dividends received from associates in the current year	3,120,000.00	1,950,000.00

Other remarks:

N/A.

(4) Summary of the financial information of minor joint ventures and associates

Unit: RMB

	Ending balance/amount incurred in the current period	Beginning balance/amount incurred in the previous period
Joint ventures:		
Total book value of investments	106,811,167.51	99,646,953.17
Total of the following items calculated as per respective shareholding ratios		
Associates:		
Total of the following items calculated as per respective shareholding ratios		
- Net profit	61,942,923.14	11,552,743.10
- Total comprehensive income	61,942,923.14	11,552,743.10

Other remarks:

N/A.

(5) Notes on major restrictions on capital transferring from joint ventures or associates to the Company

N/A.

(6) Excess deficit from joint ventures or associates

Unit: RMB

Name of joint venture or associate	Accumulated unrealized pre-period loss	Unrecognized loss in the current period (or net profit shared in the current period)	Cumulative unrecognized loss at the end of the current period

Other remarks:

(7) Unrecognized commitments related to the investment of joint ventures

N/A.

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

4. Important joint operation

Name of joint operation	Principal place of business	Place of registration	Business nature	Shareholding ratio/shares enjoyed	
				Direct	Indirect

Explanation for the difference between shareholding ratio or equity shared in joint operation and the voting right ratio in such operation:

Where the joint operation is an independent entity, bases for classifying it as joint operation:

Other remarks:

5. Equity in structured entities not included in consolidated financial statements

Notes on structured entities not included in consolidated financial statements:

N/A.

6. Others

X. Risks relating to financial instruments

The objective of the Company's risk management is to strike a balance between risk and return, minimize the negative impact of risk on the Company's operating performance, and maximize the interests of shareholders and other equity investors. Based on this objective, the Company's basic policy for risk management is to confirm and analyze all kinds of risks faced by the Company, set up appropriate risk bottom line, conduct risk management, and monitor all risks promptly and reliably to limit risks within a specific range.

The Company faces various risks relevant to financial instruments in its daily operation, mainly including credit risk, liquidity risk and market risk. The Management has deliberated and approved the policies governing such risks, as outlined below:

(I) Credit risk

Credit risks refer to the risks that default of obligations by a party of a financial instrument causes financial losses to the other party. The Company mainly faces customer credit risk resulting from sales on account. Before signing any new contract, the Company will conduct a credit risk evaluation on new customers, including external credit ratings and bank reference letters in certain circumstances (when this information is available). The Company has set a credit limit for each customer, which is the maximum amount that does not require any additional approval.

The Company monitors the credit rating of existing customers on a quarterly basis and reviews the aging analysis of accounts receivable on a monthly basis, in order to ensure that the overall credit risk of the Company is under control. When monitoring the credit risk of customers, the Company classifies customers based on their credit features. Any customer rated as "high risk" will be placed in the list of restricted customers, and only with additional approval can the Company grant any credit to such customer in the future, otherwise, the customer will be required to make corresponding payments in advance.

As part of the Company's credit risk asset management, the Company uses aging to assess the impairment loss of accounts receivable and other receivables. As the Company's accounts receivable and other receivables involve a large number of customers, aging information can reflect the customers' solvency and bad debt risks regarding accounts receivable and other receivables.

As of December 31, 2022, the book balances and expected credit impairment losses of related assets are as follows:

Item	Book balance	Provision for impairment
Notes receivable	23,471,157.13	857,857.31
Accounts receivable	1,556,613,070.45	167,777,684.59

Item	Book balance	Provision for impairment
Other receivables	68,379,287.35	4,415,094.45
Total	1,648,463,514.93	173,050,636.35

(II) Liquidity risk

Liquidity risk means the risk of occurrence of capital shortage when an enterprise fulfills its obligations settled by delivering cash or other financial assets. The Company's policy is to ensure that it has sufficient cash to repay matured debts. Liquidity risk is under centralized control of the Finance Department of the Company. The Finance Department ensures that the Company has sufficient funds to repay its debts under any appropriate forecast circumstances by monitoring cash balance, negotiable securities which can be realized at any time and through rolling forecast of cash flow over the next 12 months.

As of December 31, 2022, financial liabilities and off-balance sheet secured items of the Company were listed as undiscounted contractual cash flows by the remaining contract term as follows:

Item	Ending balance				
	Immediate repayment	< 1 year	1-3 years	> 3 years	Total
Short-term borrowings		2,002,750.00			2,002,750.00
Notes payable		50,119.58			50,119.58
Accounts payable		748,532,167.58			748,532,167.58
Other payables		151,745,563.51			151,745,563.51
Other current liabilities		2,252,644.71			2,252,644.71
Long-term borrowings		36,688,521.84	4,106,411.82		40,794,933.66
Total		941,271,767.22	4,106,411.82		945,378,179.04

(III) Market risk

(IV) Exchange rate risk

Market risk of a financial instrument means the risk that fair value or future cash flow of the financial instrument fluctuates due to change in market price, including exchange rate risk, interest rate risk and other price-related risks.

(1) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or cash flow in the future may fluctuate due to changes of market interest rate. The interest rate risk faced by the Company mainly comes from bank borrowings. The present policy of the Company is that fixed-rate borrowings account for 100% of the external borrowings. To maintain such ratio, the Company may adopt interest rate swaps to achieve the expected interest rate structure. Although the policy cannot ensure the Company to prevent the risk of the interest rate adopted from exceeding the prevailing market interest rate and it cannot eliminate

the cash flow risk associated with interest rate fluctuations, the Management believes that the policy achieves a reasonable balance among these risks.

(2) Exchange rate risk

Exchange rate risk means the risk that fair value or future cash flow of financial instruments fluctuates due to change in foreign exchange rate. The Company tries its best to make foreign currency income offset foreign currency expenditure to reduce exchange rate risk.

(3) Other price risks

The Company holds no equity investment in other listed companies.

XI. Disclosure of fair value

1. Ending fair value of assets and liabilities measured at fair value

Unit: RMB

Item	Ending fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Sustained measurement of fair value	--	--	--	--
Bank wealth management products			452,225,447.82	452,225,447.82
Other non-current financial assets	21,373,000.00		19,912,037.12	41,285,037.12
Total assets continuously measured at fair value	21,373,000.00		472,137,484.94	493,510,484.94
(VII) Financial liabilities at fair value through current profit or loss			1,900,000.00	1,900,000.00
Total liabilities continuously measured at fair value			1,900,000.00	1,900,000.00
II. Unsustained measurement of fair value	--	--	--	--

2. Basis for determination of the market prices of sustained and unsustained Level 1 fair value measurement items

N/A.

3. Qualitative and quantitative information of valuation techniques and important parameters adopted for sustained and unsustained Level 2 fair value measurement items

N/A.

4. Qualitative and quantitative information of valuation techniques and important parameters adopted for sustained and unsustained Level 3 fair value measurement items

N/A.

5. Adjustment information between beginning and ending book values and sensitivity analysis of unobservable parameters of sustained Level 3 fair value measurement items

N/A.

6. Conversion causes and policy to determine the conversion time point in case of conversion between levels in the current period for items continuously measured at fair value

N/A.

7. Changes of valuation techniques in the current period and reasons

N/A.

8. Fair value of financial assets and financial liabilities not measured at fair value

Financial assets and liabilities not measured at fair value mainly include: Accounts receivable, short-term borrowings, accounts payable, long-term receivables and long-term payables.

There are small differences between the book values of financial assets and liabilities that are not measured at fair value and their fair values.

9. Others

N/A.

XII. Related Party transactions**1. The Company's parent company**

Name of parent company	Place of registration	Business nature	Registered capital	Parent company's shareholding ratio in the Company	Parent company's voting right ratio in the Company
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Information on the Company's parent company

N/A.

The ultimate controller of the Company is Wan Feng.

Other notes: N/A.

2. Information on subsidiaries of the Company

See 1. Equity in subsidiaries, IX, Section X for information on subsidiaries of the Company.

3. The Company's joint ventures and associates

Please refer to 3. Equity in joint ventures or associates, IX, Section X for details of major joint ventures and associates of the Company.

Other joint ventures and associates that form balances in Related Party transactions with the Company in the current or previous period are as follows:

Name of joint venture or associate	Relationship with the Company
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Other remarks:

N/A.

4. Other Related Parties

Name of other Related Party	Relationship between other Related Party and the Company
Wan Feng	Controlling shareholder and Chairman of the Company
Wan Yunxiang	Controlling shareholder of the Company
Richard Shentu	Director and senior executive of the Company
Qian Feng	Director and senior executive of the Company, elected Director on December 30, 2022
Liu Zhiquan	Independent Director of the Company, elected Independent Director on September 21, 2022
Zeng Fanli	Independent Director of the Company
Cheng Haijin	Independent Director of the Company
Liu Jidi	Director of the Company
Chen Yan	Director and senior executive of the Company, leaving post as Director on December 30, 2022
Cheng Hong	Independent Director of the Company, leaving post on August 12, 2022
Chen Weiming	Supervisor of the Company
Zhang Yumin	Supervisor of the Company
Ou Jin	Supervisor of the Company, leaving post on December 30, 2022
Du Xuezhi	Supervisor of the Company, elected Supervisor on December 30, 2022
Wang Hao	Senior executive of the Company
Xu Jiang	Senior executive of the Company
Zhou Lu	Senior executive of the Company
Li Fengyong	Senior executive of the Company
Zeng Xiaohu	Senior executive of the Company
Shenzhen HK Poltechnic Investment Co., Ltd.	A company controlled by Wan Feng, the controlling shareholder and Chairman of the Company
Beijing Tianrui Junfeng Investment Management Co., Ltd.	A company controlled by Wan Feng, the controlling shareholder and Chairman of the Company
Shenzhen Qianhai Gangli No. 1 Investment Partnership (Limited Partnership)	A company invested in and served by Wan Feng, the controlling shareholder and Chairman of Board of the Company
Nanhai Shenghui New Energy (Guangdong) Co., Ltd.	A company where Zeng Fanli, Independent Director of the

	Company, serves as the legal representative and General Manager
Shenzhen Yuehai Shenghui International Trading Co., Ltd.	A company where Zeng Fanli, Independent Director of the Company, serves as the legal representative, General Manager and Executive Director
Shenzhen Dafusheng Trading Co., Ltd.	A company where Zeng Fanli, Independent Director of the Company, serves as the legal representative, General Manager and Executive Director
Baijiahui (Shenzhen) International Trading Co., Ltd.	A company where Zeng Fanli, Independent Director of the Company, serves as Executive Director
Yiduo Education Technology (Shanghai) Co., Ltd.	A company where Liu Jidi, Independent Director of the Company, serves as the legal representative and Executive Director
Shanghai Yishi Training School Co., Ltd.	A company where Liu Jidi, Independent Director of the Company, serves as Supervisor
Shanghai Yingyi Education Technology Co., Ltd.	A company where Liu Jidi, Independent Director of the Company, serves as the legal representative and Executive Director
Shanghai Qishi Education and Training Co., Ltd.	A company where Liu Jidi, Independent Director of the Company, serves as the legal representative and Chairman
Shanghai Huanpu Consulting Management Firm	A company where Cheng Haijin, Independent Director of the Company, invests and serves as President
Zhongren Shidai Education Technology (Beijing) Co., Ltd.	A company where Xu Jiang, a senior executive of the Company, serves as Supervisor

Other remarks:

N/A.

5. Related Party transactions

(1) Related Party transactions regarding purchase and sales of goods as well as provision and acceptance of labor services

N/A.

(2) Related Party trusteeship/contracting as well as mandatory administration/outsourcing

N/A.

Statement of trusteeship/contracting of the Company:

N/A.

(3) Related Party leasing

N/A.

(4) Related Party guarantee

The Company as the guarantor

Unit: RMB

Guaranteed party	Guarantee amount	Starting date of guarantee	Ending date of guarantee	Whether the guarantee has been performed
Centre Testing International (Hong Kong) Co., Ltd.	34,823,000.00	April 18, 2022	June 30, 2023	No
Sichuan CTI Jianxin Testing Technology Co., Ltd.	1,360,000.00	March 11, 2022	March 11, 2023	No
Sichuan CTI Jianxin Testing Technology Co., Ltd.	200,000.00	August 1, 2022	July 25, 2024	No
CTI Engineering Testing Co., Ltd.	637,100.00	March 25, 2022	June 30, 2023	No
CTI Engineering Testing Co., Ltd.	436,600.00	March 25, 2022	March 31, 2023	No
CTI Engineering Testing Co., Ltd.	166,100.00	March 28, 2022	December 31, 2025	No
CTI Engineering Testing Co., Ltd.	424,300.00	March 28, 2022	March 31, 2024	No
CTI Engineering Testing Co., Ltd.	312,500.00	April 12, 2022	December 31, 2023	No
CTI Engineering Testing Co., Ltd.	159,000.00	April 12, 2022	December 31, 2023	No

The Company as the guaranteed party

Unit: RMB

Guaranteed by	Guarantee amount	Starting date of guarantee	Ending date of guarantee	Whether the guarantee has been performed
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Notes on Related Party guarantee

N/A.

(5) Fund borrowing from/to Related Parties

N/A.

(6) Asset transfer and debt restructuring of Related Parties

N/A.

(7) Remuneration of key management personnel

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Remuneration of key management personnel	18,551,500.00	14,963,600.00

(8) Other Related Party transactions

N/A.

6. Accounts receivable and payable of Related Parties**(1) Receivables**

N/A.

(2) Payables

Unit: RMB

Name	Name of Related Party	Ending book balance	Beginning book balance
Other payables	Wan Feng	1,128,000.00	1,504,000.00
Other payables	Qian Feng	3,695,014.71	3,691,059.00
Other payables	Chen Yan	3,676,518.71	3,672,563.00
Other payables	Richard Shentu	3,843,351.71	3,839,396.00
Other payables	Ou Jin	2,903.24	2,903.24
Other payables	Du Xuezhi	1,273.50	
Other payables	Total	12,347,061.87	12,709,921.24

7. Commitments by Related Parties

N/A.

8. Others**XIII. Share-based payment****1. Total share-based payments**Applicable Not Applicable

Unit: RMB

Total amount of equity instruments granted by the Company in the current period	0.00
Total amount of equity instruments exercised by the Company in the current period	9,660,000.00
Total amount of invalid equity instruments of the Company in the current period	0.00
The range of the exercise prices for the outstanding share options of the Company at the end of the period, and their remaining contract periods	Refer to other notes
The range of the exercise prices for the other outstanding equity instruments of the Company at the end of the period, and their remaining contract periods	N/A.

Other remarks:

1. The Proposal on Awarding Stock Options to Incentive Objects was deliberated and approved at the 22nd Meeting of the fourth Board of Directors of the Company on December 17, 2018. The Board of Directors believed that the stock option awarding conditions specified in the stock option incentive plan for 2018 had been met and agreed to award 20.65 million shares of stock options to 38 incentive objects at the exercise price of RMB 6.13 per share on December 17, 2018.

1) On December 25, 2019, the Company held the 2nd Meeting of the 5th Board of Directors, at which the Proposal on Adjusting the Exercise Prices of the Stock Option Incentive Plan for 2018 was deliberated and approved. According to the provisions of the Stock Option Incentive Plan for 2018 (Draft), considering the equity distribution implemented by the Company, the Board of Directors agreed to adjust the exercise price to RMB 6.095/share.

2) On May 15, 2020, the Company held the 5th Meeting of the 5th Board of Directors, at which the Proposal on Adjusting the Exercise Prices of the Stock Option Incentive Plan was approved. According to the provisions of the Stock Option Incentive Plan for 2018 (Draft), considering the equity distribution implemented by the Company, the Board of Directors agreed to adjust the exercise price to RMB 6.06/share.

3) On May 20, 2021, the Company held the 15th Meeting of the 5th Board of Directors, at which the Proposal on Adjusting the Exercise Prices of the Stock Option Incentive Plan was approved. According to the provisions of the Stock Option Incentive Plan for 2018 (Draft), considering the equity distribution implemented by the Company, the Board of Directors agreed to adjust the exercise price to RMB 6.025/share.

4) On May 20, 2022, the Company held the 25th Meeting of the 5th Board of Directors, at which the Proposal on Adjusting the Exercise Prices of the Stock Option Incentive Plan was deliberated and approved. According to the provisions of the Stock Option Incentive Plan for 2018 (Draft), considering the equity distribution implemented by the Company, the Board of Directors agreed to adjust the exercise price to RMB 5.965/share.

2. The Proposal on Awarding Stock Options to Incentive Objects was deliberated and approved at the 27th Meeting of the fourth Board of Directors of the Company on May 20, 2019. The Board of Directors believed that the stock option awarding conditions specified in the stock option incentive plan for 2019 had been met and agreed to award 4.7 million shares of stock options to 9 incentive objects at the exercise price of RMB 9.23 per share on May 20, 2019.

1) On May 15, 2020, the Company held the 5th Meeting of the 5th Board of Directors, at which the Proposal on Adjusting the Exercise Prices of the Stock Option Incentive Plan was approved. Considering the 2018 and 2019 equity distribution by the Company, the Board of Directors agreed to adjust the exercise price to RMB 9.16/share.

2) On May 20, 2021, the Company held the 15th Meeting of the 5th Board of Directors, at which the Proposal on Adjusting the Exercise Prices of the Stock Option Incentive Plan was approved. According to the provisions of the Stock Option Incentive Plan for 2018 (Draft), considering the equity distribution implemented by the Company, the Board of Directors agreed to adjust the exercise price to RMB 9.125/share.

3) On May 20, 2022, the Company held the 25th Meeting of the 5th Board of Directors, at which the Proposal on Adjusting the Exercise Prices of the Stock Option Incentive Plan was deliberated and approved. According to the provisions of the Stock Option Incentive Plan for 2019 (Draft), considering the equity distribution implemented by the Company, the Board of Directors agreed to adjust the exercise price to RMB 9.065/share.

2. Equity-settled share-based payment

Applicable Not Applicable

Unit: RMB

Method for determining the fair value of equity instruments on the grant date	Black-Scholes option pricing model
Basis for determining the number of exercisable equity instruments	On each balance sheet date within the waiting period, the best estimation is made according to the latest changes in the number of vesting employees and other follow-up information, and the estimated number of exercisable equity instruments is corrected.
Reason for material difference between the estimate of the current period and that of the previous period	N/A.
Accumulative amount of equity-settled share-based payment included in capital reserve	30,105,353.27

Total expenses recognized by equity-settled share-based payment in the current period	525,900.46
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Other remarks:

N/A.

3. Cash-settled share-based payment

Applicable Not Applicable

4. Modification and termination of share-based payment

There was no modification or termination of share-based payment during the current reporting period.

5. Others

XIV. Commitments and contingencies

1. Major commitments

Significant commitments on the balance sheet date

According to main irrevocable operating lease contracts signed, the minimum total rent payable for the next five years by the Company is RMB 319,166,600.

Apart from commitments above, as at December 31, 2022, the Company didn't have any significant commitments which shall be disclosed but not disclosed.

2. Contingencies

(1) Significant contingencies on the balance sheet date

N/A.

(2) It's also necessary to make it clear that the Company has no major contingencies that need to be disclosed.

The Company has no major contingency that need to be disclosed.

3. Others

N/A.

XV. Events after the balance sheet date

1. Significant non-adjustment events

Unit: RMB

Item	Content	Impact on financial conditions and business performances	Reason for failure to estimate the impact number
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2. Profit distribution

Unit: RMB

Profit or dividend to be distributed			100,789,692.84
Profit or dividend declared to be distributed after deliberation and approval			100,789,692.84
Profit distribution plan		The Profit Distribution Plan for 2022 of the Company is to distribute RMB 0.6 (including tax) in cash dividends and 0 bonus share (including tax) to all shareholders for every 10 shares, distribute 0 bonus shares and increase 0 shares by converting capital reserves into share capital for every 10 shares held by all shareholders, based on 1,679,828,214 shares - the total capital stock of 1,682,828,214 shares less the 3,000,000 shares repurchased. Therefore, the total amount of profit distributed is RMB 100,789,692.84.	

3. Sales return

4. Other events after the balance sheet date

1. On January 16, 2023, the 1st Meeting of the Strategy and M&A Committee of the sixth Board of Directors of the Company reviewed and approved the Proposal on the Acquisition of 100% Equity in Guangzhou Vectoring Pharmatech Ltd. for RMB 29 million in cash. The acquisition is projected to improve the Company's whole-chain CMC services, including drug synthesis, drug formulation and production process development, quality research, stability research, and drug registration, so that it can meet the technical requirements of pharmaceutical companies on product development, quality and safety.

2. On March 31, 2023, the 2nd Meeting of the 6th Board of Directors and the 2nd Meeting of the 6th Board of Supervisors reviewed and approved the Proposal on Use of Idle Self-owned Funds for Entrusted Wealth Management. After deliberation, it is believed that the Company's use of idle self-owned funds for entrusted financial management helps improve the efficiency of fund use, generate investment benefits, and seeks more investment returns for the Company's shareholders. At the meetings, it was agreed that the Company and its subsidiaries use temporarily idle self-owned funds of no more than RMB 1 billion for entrusted financial management. The aforesaid limit may be used in cycles within 12 months from the date of deliberation and approval by the Board of Directors.

Except for the aforementioned events after the balance sheet date, as of the date when the financial report was approved for publication, the Company had no other major events after the balance sheet date that should be disclosed but had not been disclosed.

XVI. Other important matters

1. Correction of accounting errors in the previous period

(1) Retrospective restatement

Unit: RMB

Accounting error corrected	Handling procedure	Name of impacted report item in each comparison period	Number of cumulative impact
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(2) Prospective application

Accounting error corrected	Approval procedure	Reasons for using prospective application
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2. Debt restructuring

N/A.

3. Replacement of assets

(1) Exchange of non-monetary assets

N/A.

(2) Replacement of other assets

N/A.

4. Annuity plan

N/A.

5. Discontinuing operation

Unit: RMB

Item	Income	Expense	Total profits	Income tax expenses	Net profits	Profit from discontinued operations attributable to owners of parent company
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Other remarks:

6. Segment information

(1) Determination basis and accounting policies for reporting segments

The Company determines the operating segment on the basis of its internal organizational structure, management requirements and internal reporting system. Operating segments refer to components within the Company satisfying all the following conditions:

(1) It engages in business activities from which it may earn revenues and incur expenses;

(2) The Management can evaluate the operating results of such components on a regular basis, so as to decide to allocate resources to them and evaluate their performance;

(3) Relevant accounting information on its financial position, operating results and cash flow is available to the Company.

The Company decides on the reporting segments on the basis of operation segments. Operation segments meeting one of the following conditions are designated as reporting segments:

(1) The segment revenue of the operating segment accounts for 10% or more of the total revenue of all segments;

(2) The absolute amount of the segment profit (loss) of the segment accounts for 10% or more of the larger of the total profit of all profitable segments or the absolute amount of the total loss of all loss-making segments

The Company operates in a relatively narrow range, mainly providing testing services to customers. The Management divides the overall business into five major sectors: trade assurance, consumer goods testing, industrial testing, life science and pharma & clinical services. Since the same entity may be engaged in two or more of the above five sectors at the same time, it is impossible to accurately calculate assets and liabilities according to the aforementioned sectors. Therefore, the Company did not disclose segment information.

(1) External revenue by product

Product category	Current amount incurred		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Life science	2,296,988,393.01	1,168,602,329.43	2,087,322,872.97	1,056,453,370.27
Industrial testing	904,067,581.56	537,177,365.63	803,467,933.38	445,200,294.10
Consumer goods testing	716,375,085.22	368,279,559.48	495,310,144.36	242,539,923.37

Product category	Current amount incurred		Amount incurred in the previous period	
	Trade assurance	662,323,081.52	226,163,567.71	573,557,240.09
Pharma and clinical services	550,955,926.35	296,251,726.61	369,430,437.70	191,998,703.56
Total	5,130,710,067.66	2,596,474,548.86	4,329,088,628.50	2,128,450,515.88

(2) External revenue by region

Region	Current amount incurred		Amount incurred in the previous period	
	Income	Cost	Income	Cost
China	4,844,012,146.17	2,430,368,022.85	4,183,507,491.19	2,077,422,009.59
Overseas	286,697,921.49	166,106,526.01	145,581,137.31	51,028,506.29
Total	5,130,710,067.66	2,596,474,548.86	4,329,088,628.50	2,128,450,515.88

(2) Financial information of the reporting segments

Unit: RMB

Item		Inter-segment offset	Total

(3) In case of no reporting segment or inability to disclose the total assets and total liabilities of each reporting segment, the Company shall explain the reason.

N/A.

(4) Other notes

N/A.

7. Other important transactions and events impacting investors' decision-making

N/A.

8. Others

N/A.

XVII. Notes to main items of financial statements of the parent company

1. Accounts receivable

(1) Classified disclosure of accounts receivable

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Percentage	Amount	Percentage of provision		Amount	Percentage	Amount	Percentage of provision	
Accounts receivable with provision for bad debt reserves by individual item	3,712,945.75	1.15%	3,712,945.75	100.00%		1,699,753.00	0.73%	1,699,753.00	100.00%	
Including:										
Accounts receivable with provision for bad debt reserve by portfolio	317,909,452.24	98.85%	16,298,875.32	5.13%	301,610,576.92	231,274,940.27	99.27%	10,385,720.75	4.49%	220,889,219.52
Including:										
Portfolio of Related Parties within the scope of consolidation	102,146,342.57	31.76%			102,146,342.57	61,700,938.98	26.48%			61,700,938.98
Aging portfolio	215,763,109.67	67.09%	16,298,875.32	7.55%	199,464,234.35	169,574,001.29	72.79%	10,385,720.75	6.12%	159,188,280.54
Total	321,622,397.99	100.00%	20,011,821.07	6.22%	301,610,576.92	232,974,693.27	100.00%	12,085,473.75	5.19%	220,889,219.52

Provision for bad debt reserves by individual item: 3,712,945.75

Unit: RMB

Name	Ending balance			
	Book balance	Bad-debt provision	Percentage of provision	Reason for provision
Accounts receivable with provision for expected credit loss by individual item	3,712,945.75	3,712,945.75	100.00%	Possibly not recoverable
Total	3,712,945.75	3,712,945.75		

Provision for bad debt reserves by portfolio: 16,298,875.32

Unit: RMB

Name	Ending balance		
	Book balance	Bad-debt provision	Percentage of provision

Accounts receivable with provision for bad debt reserve by portfolio (portfolio of Related Parties within the consolidation scope)	102,146,342.57		
Accounts receivable with provision for bad debt reserve by portfolio (aging portfolio)	215,763,109.67	16,298,875.32	7.55%
Total	317,909,452.24	16,298,875.32	

Notes on basis for determining the portfolio:

N/A.

For provision for bad debt reserves of the accounts receivable by the general model of the expected credit loss, relevant information of bad debt reserves is disclosed based on the disclosure method of other receivables:

Applicable Not Applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
≥1 year	300,001,006.54
1-2 years	19,460,709.83
2-3 years	1,895,713.78
> 3 years	264,967.84
3-4 years	113,420.44
4-5 years	103,497.20
> 5 years	48,050.20
Total	321,622,397.99

(2) Bad debt provision, and its recovery or reversal in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Recovered or returned	Write-off	Others	
Accounts receivable with provision for bad debt reserves by individual item	1,699,753.00	2,090,805.75		77,613.00		3,712,945.75
Accounts receivable with provision for bad debt reserve by portfolio	10,385,720.75	6,040,000.33		126,845.76		16,298,875.32
Total	12,085,473.75	8,130,806.08		204,458.76		20,011,821.07

The recovered or reversed bad debt reserves with significant amounts in the current period:

Unit: RMB

Company name	Recovered or returned amount	Recovery method
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N/A.

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

Unit: RMB

Item	Written-off amount
Accounts receivable actually written off	204,458.76

Write-off of major accounts receivable:

Unit: RMB

Company name	Nature of accounts receivable	Written-off amount	Reason for write-off	Performed write-off procedures	Generated due to related party transactions or not

Accounts receivable write-off:

N/A.

(4) Top five debtors with the biggest ending balances of accounts receivable

Unit: RMB

Company name	Ending balance of accounts receivable	As a percentage of the total ending balance of accounts receivable	Ending balance of provision for bad debts
Centre Testing International (Hong Kong) Co., Ltd.	49,971,464.36	15.54%	
CTI U.S.INC.	31,137,370.94	9.68%	
Huawei Technologies Co., Ltd.	7,555,655.70	2.35%	377,782.80
Shenzhen HiSilicon Semiconductor Co., Ltd.	6,023,544.70	1.87%	301,177.24
CTI Biotechnology (Suzhou) Co., Ltd.	5,110,994.00	1.59%	
Total	99,799,029.70	31.03%	

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

N/A.

(6) Assets and liabilities produced by transfer of accounts receivable and continuous involvement

N/A.

Other remarks:

2. Other receivables

Unit: RMB

Item	Ending balance	Beginning balance
Dividends receivable	101,727,225.88	7,635,067.11

Other receivables	310,932,698.79	226,527,016.03
Total	412,659,924.67	234,162,083.14

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

Unit: RMB

Item	Ending balance	Beginning balance
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2) Significant overdue interest

Unit: RMB

Borrower	Ending balance	Overdue time	Reason for overdue	Whether impairment occurs and its judgment basis
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Other remarks:

3) Bad debt provisionApplicable Not Applicable**(2) Dividends receivable****1) Classification of dividends receivable**

Unit: RMB

Project (or investee)	Ending balance	Beginning balance
Shenzhen CTI Testing Co., Ltd.	34,727,225.88	6,625,404.63
Nanfang Pinbiao CTI Testing (Shenzhen) Co., Ltd.	44,500,000.00	
Centre Testing International Pindong (Shanghai) Co., Ltd.	15,000,000.00	
Beifang Pinbiao CTI Testing (Beijing) Co., Ltd.	7,500,000.00	
How-To NPD Consulting Co., Ltd.		400,000.00
Shanghai Fairyland Software Co., Ltd		609,662.48
Total	101,727,225.88	7,635,067.11

2) Significant dividends receivable aging over 1 year

Unit: RMB

Project (or investee)	Ending balance	Aging	Reason for unrecovery	Whether impairment occurs and its judgment basis
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3) Bad debt provisionApplicable Not Applicable

Other remarks:

(3) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Nature	Ending book balance	Beginning book balance
Deposit and security	10,744,896.22	13,624,177.99
Suspense payment receivable	300,594,606.84	211,797,067.12
Others	368,711.49	2,440,018.65
Total	311,708,214.55	227,861,263.76

2) Bad debt provision

Unit: RMB

Bad-debt provision	Stage I	Stage II	Stage III	Total
	Expected credit loss in next 12 months	Expected credit loss over the entire duration (without credit impairment)	Expected credit loss throughout the entire duration (with credit impairment)	
Balance as at January 1, 2022	1,334,247.73			1,334,247.73
Balance as at January 1, 2022 in the current period				
Reversal in the current period	158,731.97			158,731.97
Write-off in the current period	400,000.00			400,000.00
Balance as at December 31, 2022	775,515.76			775,515.76

Book balance changes with significant changes in loss provisions in the current period

Applicable Not Applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
≥1 year	304,391,372.92
1-2 years	2,221,566.08
2-3 years	3,074,338.95
> 3 years	2,020,936.60
3-4 years	89,700.00
4-5 years	393,512.00
> 5 years	1,537,724.60
Total	311,708,214.55

3) Bad debt provision, and its recovery or reversal in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Recovered or returned	Write-off	Others	
Other receivables with provision for expected credit loss by portfolio	1,334,247.73		158,731.97	400,000.00		775,515.76
Total	1,334,247.73		158,731.97	400,000.00		775,515.76

N/A.

Reversal or recovery of bad debt provisions of major amount in the current period:

Unit: RMB

Company name	Reversed or recovered amount	Recovery method

N/A.

4) Other receivables actually written off in the current period

Unit: RMB

Item	Written-off amount
Other receivables actually written off	400,000.00

Write-off of major other receivables:

Unit: RMB

Company name	Nature of other receivables	Written-off amount	Reason for write-off	Performed write-off procedures	Generated due to related party transactions or not

Other receivables write-off:

N/A.

5) Top five other receivables of ending balance accumulated by debtors

Unit: RMB

Company name	Nature of the payment	Ending balance	Aging	As a percentage of the total ending balance of other receivables	Ending balance of provision for bad debts
Wuhan CTI Testing Technology Co., Ltd.	Suspense payment receivable	89,963,864.13	< 1 year	28.86%	
Centre Testing International Group	Suspense payment receivable	81,258,988.69	< 1 year	26.07%	

(Shandong) Co., Ltd					
Tianjin CTI Testing Certification Co., Ltd.	Suspense payment receivable	79,506,344.60	< 1 year	25.51%	
Guangzhou CTI Testing Certification Technology Co., Ltd.	Suspense payment receivable	25,440,191.18	< 1 year	8.16%	
Shanghai CTI Biological Technology Co., Ltd.	Suspense payment receivable	7,891,726.00	< 1 year	2.53%	
Total		284,061,114.60		91.13%	

6) Receivables involving government grants

Unit: RMB

Company name	Name of government grant project	Ending balance	Aging at the end of period	Estimated time, amount and basis of collection
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N/A.

7) Other receivables derecognized due to transfer of financial assets

(8) Assets and liabilities resulting from transfer of other receivables and continuous involvement

Other remarks:

3. Long-term equity investment

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	2,846,360,758.06	147,018,373.06	2,699,342,385.00	2,747,086,498.06	147,018,373.06	2,600,068,125.00
Investment in associates and joint ventures	242,322,460.19		242,322,460.19	212,648,398.76		212,648,398.76
Total	3,088,683,218.25	147,018,373.06	2,941,664,845.19	2,959,734,896.82	147,018,373.06	2,812,716,523.76

(1) Investment in subsidiaries

Unit: RMB

Investee	Beginning balance (book value)	Increase and decrease in the current period				Ending balance (book value)	Ending balance of provision for impairment
		Additional investment	Reduced investment	Provision for impairment	Others		
Anhui CTI Testing Technology Co., Ltd.	17,000,000.00		17,000,000.00				

Chengdu Xijiao CTI Rail Transit Technology Co., Ltd.	4,200,000.00					4,200,000.00	
Dalian Huaxin Physical and Chemical Testing Center Co., Ltd.	30,110,000.00		30,110,000.00				
Dongguan CTI Testing Certification Co., Ltd.	17,000,000.00					17,000,000.00	
Fujian Science Way Testing Co., Ltd. (SW)	6,766,326.94					6,766,326.94	4,963,673.06
Centre Testing International Pinbiao (Fuzhou) Co., Ltd.	10,000,000.00		10,000,000.00				
Gansu CTI Testing Certification Co., Ltd.	23,000,000.00		23,000,000.00				
Guangdong CTI Judicial Authentication Center	500,000.00					500,000.00	
Guangxi CTI Testing Certification Co., Ltd.	21,000,000.00		21,000,000.00				
Guangzhou CTI Testing Certification Technology Co., Ltd.	164,283,670.11					164,283,670.11	
Centre Testing International Pinbiao (Guangzhou) Co., Ltd.	20,000,000.00		20,000,000.00				
Guizhou CTI Testing Technology Co., Ltd.	6,000,000.00		6,000,000.00				
Hangzhou Hua'an Testing Technology Co., Ltd.	87,155,300.00					87,155,300.00	142,054,700.00
Hangzhou CTI Testing Technology Co., Ltd.	45,000,000.00		45,000,000.00				
How-To NPD	21,545,194.61					21,545,194.61	

Consulting Co., Ltd.						
Hebei CTI Testing Services Co., Ltd.	18,000,000.00		18,000,000.00			
Hebei CTI Junrui Testing Technology Co., Ltd.	2,019,700.00	1,360,000.00			3,379,700.00	
Henan CTI Quantong Engineering Testing Co., Ltd.	8,000,000.00				8,000,000.00	
Heilongjiang CTI Testing Technology Co., Ltd.	40,000,000.00				40,000,000.00	
Hunan Pinbiao CTI Testing Technology Co., Ltd.	30,000,000.00		30,000,000.00			
Centre Testing Electronic Certification Co., Ltd.	71,000,000.00				71,000,000.00	
CTI Engineering Testing Co., Ltd.	23,921,200.00	18,000,000.00			41,921,200.00	
CTI Guoruan Technical Services (Nanjing) Co., Ltd.	510,000.00	660,000.00			1,170,000.00	
Centre Testing International Group (Shandong) Co., Ltd	50,000,000.00				50,000,000.00	
Centre Testing International (Beijing) Co., Ltd	50,000,000.00				50,000,000.00	
CTI Hubei Co., Ltd.	18,000,000.00				18,000,000.00	
Centre Testing International (Hong Kong) Co., Ltd.	259,722,751.14				259,722,751.14	
Tianjin Eco-City Environmental Technology Co., Ltd.	34,960,000.00				34,960,000.00	
Huai'an CTI	17,000,000.00		17,000,000.00			

Testing Technology Co., Ltd.							
Jiangsu CTI Pinbiao Testing Technology Co., Ltd.	35,000,000.00		35,000,000.00				
Jiangxi Yingyong CTI Testing Co., Ltd.	2,120,000.00	2,870,000.00				4,990,000.00	
Centre Testing International Pinbiao (Liaoning) Co., Ltd.	24,500,000.00					24,500,000.00	
Nanchang CTI Testing Certification Co., Ltd.	8,000,000.00		8,000,000.00				
Nanfang Pinbiao CTI Testing (Shenzhen) Co., Ltd.	44,000,000.00	188,000,000.00				232,000,000.00	
Inner Mongolia CTI QC Technology Service Co., Ltd.	19,000,000.00					19,000,000.00	
Ningbo CTI Testing Technology Co., Ltd.	10,000,000.00		10,000,000.00				
Ningbo Quality Assurance Co., Ltd. (NQA)	43,867,526.63					43,867,526.63	
Ningguo CTI Testing Technology Co., Ltd.	3,580,000.00					3,580,000.00	
Pinbiao Environmental Technology Co., Ltd.	11,800,000.00		11,800,000.00				
Qingdao CTI Testing Technology Co., Ltd.	6,000,000.00					6,000,000.00	
Xiamen CTI Testing Technology Co., Ltd.	5,000,000.00		5,000,000.00				
Shanxi CTI Testing Certification Co., Ltd.	44,912,600.00		44,912,600.00				

Shanghai CTI Biological Technology Co., Ltd.	2,900,000.00					2,900,000.00	
Shanghai CTI Pinbiao Testing Technology Co., Ltd.	24,304,111.00					24,304,111.00	
Shanghai CTI Pinchuang Medical Testing Co., Ltd.	319,546,000.00					319,546,000.00	
Shanghai CTI Pinzheng Testing Technology Co., Ltd.	377,000,000.00					377,000,000.00	
Shanghai CTI Zhike Materials Technology Co., Ltd.	5,100,000.00	1,900,000.00				7,000,000.00	
Shenzhen CTI Commodity Testing and Survey Co., Ltd.	4,186,136.80					4,186,136.80	
CTI Investment Management (Shenzhen) Limited	20,000,000.00					20,000,000.00	
Shenzhen CTI Pest Control Co., Ltd.	2,010,000.00					2,010,000.00	
Shenzhen CTI Institute of Reference Materials	200,000.00					200,000.00	
Shenzhen CTI Reference Materials Research Center Co., Ltd.	1,000,000.00					1,000,000.00	
Shenzhen CTI Testing Co., Ltd.	20,942,247.47					20,942,247.47	
Shenzhen CTI Training Center	2,002,600.30					2,002,600.30	
Shenzhen CTI Laboratory Technology Service Co., Ltd.	2,010,000.00	4,690,000.00				6,700,000.00	
Shenzhen CTI Information Technology	10,800,000.00					10,800,000.00	

Co., Ltd.							
Shenyang CTI Testing Technology Co., Ltd.	18,500,000.00					18,500,000.00	
Sichuan CTI Jianxin Testing Technology Co., Ltd.	9,180,000.00	5,760,000.00				14,940,000.00	
Suzhou CTI Engineering Testing Co., Ltd.	7,500,000.00					7,500,000.00	
Suzhou CTI Testing Technology Co., Ltd.	190,000,000.00					190,000,000.00	
Tianjin CTI Testing Certification Co., Ltd.	112,797,960.00					112,797,960.00	
Wuhan CTI Testing Technology Co., Ltd.	20,000,000.00					20,000,000.00	
Yunnan CTI Testing Certification Co., Ltd.	31,000,000.00		31,000,000.00				
Zhejiang CTI Yuanjian Testing Co., Ltd.	9,614,800.00					9,614,800.00	
Chongqing CTI Testing Technology Co., Ltd.	55,000,000.00		55,000,000.00				
Centre Testing International Pindong (Shanghai) Co., Ltd.		132,000,000.00				132,000,000.00	
Beifang Pinbiao CTI Testing (Beijing) Co., Ltd.		127,822,600.00				127,822,600.00	
Jilin Anxin Food Technology Service Co., Ltd.		7,134,260.00				7,134,260.00	
CTI (Nantong) Automobile Technology Service Co., Ltd.		36,900,000.00				36,900,000.00	

Sichuan CTI Testing Technology Co., Ltd.		10,000,000.00				10,000,000.00	
Total	2,600,068,125.00	537,096,860.00	437,822,600.00			2,699,342,385.00	147,018,373.06

(2) Investment in joint ventures and associates

Unit: RMB

Investor	Beginning balance (book value)	Increase and decrease in the current period								Ending balance (book value)	Ending balance of provision for impairment
		Additional investment	Reduced investment	Investment gains or losses recognized under the equity method	Other comprehensive income adjustments	Other equity changes	Declared distribution of cash dividends or profits	Provision for impairment	Others		
I. Joint ventures											
II. Associates											
Liangduan (Shanghai) Testing Technology Co., Ltd.	204,820.00			-17,810.74						187,009.26	
Xi'an Dongyi Integrated Technology Laboratory Co., Ltd.	10,986,790.17			1,083,252.28						12,070,042.45	
Zhengjiang Fangyuan Electrical Equipment Testing Co., Ltd.	115,961,211.71			24,496,020.88			3,120,000.00			137,337,232.59	
Nanjing CTI Medical Technology Service Co., Ltd.	1,185,335.81			-72,111.84						1,113,223.97	
Beijing Guoxin Tianyuan Quality Assessment and Certification Co., Ltd.	13,529,227.27			1,115,144.38						14,644,371.65	
Shanghai Fairyland Software Co., Ltd	70,781,013.80			6,189,566.47						76,970,580.27	
Subtotal	212,648,398.76			32,794,061.43			3,120,000.00			242,322,460.19	

Total	212,648,398.76		32,794,061.43		3,120,000.00		242,322,460.19
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(3) Other notes

N/A

4. Operating income and operating cost

Unit: RMB

Item	Current amount incurred		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Primary business	1,215,540,058.11	575,634,288.41	1,015,229,865.02	498,159,887.98
Other business	11,689,045.18	1,744,765.36	11,139,147.49	1,866,950.31
Total	1,227,229,103.29	577,379,053.77	1,026,369,012.51	500,026,838.29

Related income information:

Unit: RMB

Contract classification	Segment 1	Segment 2		Total
Product type				
Including:				
By business region				
Including:				
Market or customer type				
Including:				
Contract type				
Including:				
By commodity transfer time				
Including:				
By contract period				
Including:				
By sales channel				
Including:				
Total				

Information on performance obligations:

N/A.

Information about transaction prices apportioned to the remaining performance obligations:

The income corresponding to the performance obligations under signed contracts that have not been performed or fully performed at the end of the reporting period is RMB 0.00, of which revenue of RMB____ is estimated to be recognized in____ (year), revenue of RMB____ is estimated to be recognized in____ (year), and revenue of RMB____ is estimated to be recognized in____ (year).

Other remarks:

5. Investment income

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Long-term equity investment income calculated by cost method	263,126,000.00	230,400,000.00
Long-term equity investment income calculated by equity method	32,794,061.43	25,652,575.69
Investment income from disposal of long-term equity investments		-1,756,378.46
Financing income	10,679,419.71	3,587,834.92
Investment income from the holding of other non-current financial assets		1,267,300.00
Total	306,599,481.14	259,151,332.15

6. Others

N/A.

XVIII. Supplementary information

1. Breakdown of non-recurring gain or loss in the current period

Applicable Not Applicable

Unit: RMB

Item	Amount	Note
Gain or loss from disposal of non-current assets	222,582.20	Gains/losses from disposal of fixed assets, investment incomes from disposal of long-term equity investment, etc.
Government subsidies recognized in current gains/losses (excluding the government subsidies in close relation to regular corporate business and granted according to quota or ration under national policies)	96,961,312.09	Government subsidies
Gains/losses from entrusted investment or management of assets	11,786,873.48	Incomes from wealth management products
Gains/losses from fair value changes arising from the holding of financial assets held for trading and financial liabilities held for trading, and investment incomes from disposal of financial assets held for trading and available-for-sale financial assets, excluding the effective hedging	9,543,708.82	Other gains or losses from the change in fair value of non-current financial assets and financial liabilities held for trading

activities related to the normal operation of the Company		
Reversal of provision for impairment of accounts receivable tested for impairment separately	265,162.58	
Non-operating income and expenditures other than the aforementioned items	3,085,839.77	
Less: Amount of impacted income tax	14,738,451.10	
Affected amount of minority equity	2,603,301.95	
Total	104,523,725.89	--

Details of other gain/loss items conforming to the definition of non-recurring gains/losses:

Applicable Not Applicable

There are no details of other gain/loss items conforming to the definition of non-recurring gains/losses in the Company.

Notes on defining the non-current gain/loss items listed in the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public —Non-Recurring Gains/Losses as current gains/losses items

Applicable Not Applicable

2. Net return on equity and earnings per share (EPS)

Profit within the reporting period	Weighted ROAE	Earnings per share (EPS)	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to common shareholders of the Company	18.18%	0.5403	0.5403
Net profit attributable to common shareholders of the Company after deducting non-recurring gain or loss	16.08%	0.4778	0.4778

3. Accounting data differences under domestic and foreign accounting standards

(1) Differences of net profits and net assets in the financial report disclosed as per IAS and CAS

Applicable Not Applicable

(2) Differences of net profits and net assets in the financial report disclosed as per foreign accounting standards and CAS

Applicable Not Applicable

(3) Reason for accounting data differences under domestic and foreign accounting standards shall be stated, and where data audited by an overseas audit authority has been adjusted based on the differences, the name of the overseas institution shall be indicated

N/A.

4. Others