

Centre Testing International Group Co., Ltd.

Annual Report 2023

[April 19, 2024]

Annual Report 2023

Section 1 Important Notes, Table of Contents and Definitions

The Company's Board of Directors, Board of Supervisors, directors, supervisors and executives guarantee that the Annual Report is truthful, accurate and complete, without any false records, misleading statements or material omissions, and bear individual and joint legal liabilities therefrom.

Wan Feng, the legal representative, Wang Hao, the accounting head, and Li Yanhong, the accounting organizer (supervisor), hereby declare to guarantee that the financial statements in the Annual Report are truthful, accurate and complete.

All directors attended the board meeting at which the Report was reviewed.

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

Credibility and brand are the driving force for sustainable development and survival foundation for testing and certification institutions. Only if we are recognized by our clients in technology and fairness, we can gradually expand our market share and be in a favorable position in market competition. Once quality issues cause damage to credibility and brand, we may not be trusted

any more, thus affecting our business expansion and profitability. In serious cases, even the testing and certification qualifications can be revoked, thus affecting our survivals. The Company attaches great importance to maintenance of credibility and brand, actively advocates the integrity-based value, establishes a perfect quality control system to ensure the truth and accuracy of test reports issued, and continuously improves testing service quality. In accordance with the requirements of ISO/IEC 17025, ISO/IEC 17020 and *Review Criteria for Qualifications of Testing Institutions*, the Company has formulated the *Measures for Group Quality Supervision and Management*, *Measures for Laboratory Quality Supervision and Management* and *Measures for Quality Professional Management* to standardize the quality supervision of the Group, ensure that the testing/calibration activities carried out by the laboratories are in compliance with laws and regulations, China National Accreditation Service for Conformity Assessment (CNAS) and China Metrology Accreditation (CMA) guidelines and rules, so that quality risks can be relieved. Quality control is coordinated by the Group's QHSE Department. The Group exercises vertical control over quality, health, safety and environment. Each business department, subsidiary and operating outlet supplements and formulates relevant systems and strengthens quality control based on their respective business characteristics. In 2023, the Group's QHSE Department planned and organized the implementation of a one-year "Special

Audit” for each subsidiary, and targeted special audits in five different fields as the scope of the 2023 Special Audit, in order to explore a normalized supervision mechanism in a more focused manner. After one-year trial operation, the professionalism of auditors in different fields and the effectiveness of audit results have been greatly improved. In view of the good leading role, the Company plans to integrate this type of check method into the daily quality management system of each subsidiary in 2024, continuously improve the quality management capabilities of each branch and subsidiary, and pursue higher quality and steady development. Meanwhile, the Group’s QHSE Department also launched the “Quality Management Maturity Assessment of Subsidiaries” Version 2.0, which clarified and strengthened the requirements of the Quality Department for the secondary quality supervision of each laboratory by quantifying the certification and accreditation technical service standards and upgrading the risk management database, and assessed the work performance of Quality Management Departments in subsidiaries with comprehensive, focused and quantifiable scoring indicators, enabling the continuous quality and maturity promotion of these Departments.

“Integrity” is at the top of the Company’s values, while “independence”, “fairness” and “honesty” are essential requirements for business. The Company has established the *Procedures for Ensuring Independence, Fairness and Honesty* and *Procedures for Fairness Management of Certification Activities*

to standardize the independence and fairness of all the Company's testing and adhere to independent, objective and true reporting of testing and calibration results without external influence. The Company has established an fairness maintenance committee to regulate and supervise the fairness of certification services. The Fairness Maintenance Committee carries out supervision and review of certification business in accordance with the *Operation Procedures of the Fairness Maintenance Management Committee*. Through normalized training, the Company continuously strengthens the certification personnel's familiarity with the certification system and educates them on professional ethics and codes of conduct. In the *Employee Manual*, The Company also clearly defines the penalties for soliciting or accepting bribes, kickbacks or illegal benefits.

The Company has developed the *Integrity Manual* in accordance with the *United Nations Convention against Corruption* and other International conventions and practices, integrity management technical guidelines of Transparency International, relevant national laws and regulations, and clients' integrity requirements, in which anti-corruption and anti-commercial bribery requirements in the *Code of Business Conduct* are supplemented and strengthened, and the construction of high-standard ethical operations is implemented to safeguard the brand concept and credibility value cherished by the Company from the perspective of system and technology.

2. Market and policy risks

The testing industry is an industry with strong policy orientation, and the government's development policies on the testing industry affect the development speed of the testing industry. With the development of the global testing industry, the overall trend of testing systems in various countries is consistent, that is, the government or industry associations conduct industry management on testing institutions through market access rules such as assessment and accreditation, commercialize the business of testing and conformity assessment, improve service quality, and promote industrial development. Each independent testing institution operates in a market-oriented manner according to the client's requirements and the services it provides, and the service fees are determined by negotiation between the two parties. China's testing industry has long been influenced by the planned economic system. After joining the WTO, it faces pressure from the international community to accelerate the opening of the service market. Against this background, the testing industry urgently needs industry guidelines that are consistent with international rules to regulate and constrain the industry's behavior. Although open market-oriented development has been confirmed by national policies and guidelines, there may still be local policies and regulations that are not conducive to the market-oriented development of

the industry. There are still uncertainties in the government's openness to testing, which will bring a certain degree of risk to the Company.

In response to this risk, the Company has set up a special response department to pay close attention to the policy dynamics of relevant regulatory authorities, report regularly to the management, and proactively respond to possible policy risks.

3. Decision risks of M&A and integration risks after M&A

The testing and certification industry is characterized by fragmentation, spanning many industries, and each segmented industry is relatively independent, difficult to quickly replicate. Using M&A to quickly enter new fields is a common practice among international testing and certification giants, and is also one of the Company's important strategies for long-term sustainable development in the future. The selection of M&A targets and the integration after M&A are related to the success of M&A and involve great risks.

Abiding by the principle of prudence, the Company conducts detailed due diligence and sufficient demonstrations, strategically selects suitable industries and high-quality targets at home and abroad, and conducts return on investment analysis in the early stages of M&A. By introducing talents with integration capabilities in the industry to coordinate management and

operations, the Company continuously follows up on whether the investment is in line with the investment plan and expectations to achieve the effect of strengthening post-investment management. In response to the risks in M&A decisions, the Investment Department summarized the risks in the Company's historical investment and M&A transactions, concluded the key points of negotiation and the corresponding standard terms of equity agreements, compiled the *SPA Checklist* and *Key Issues and Solutions in M&A Transactions*, and made supplementation and improvement on a regular basis. According to such regulations as the *Articles of Association* and the *Working Rules of the Strategy and M&A Committee of Board of Directors*, major investment matters are managed and controlled by the Investment Committee to demonstrate the feasibility of the item; they are submitted to the Strategy and M&A Committee of Board of Directors, the Board of Directors, and the General Meeting of Shareholders for review based on their decision-making authority, improving the scientific nature and quality of the Company's major investment decisions. In response to the risks of post-investment management, the financial and human resources departments have prepared personnel reserves and added experts to the lean team to lay the foundation for the future output of lean management capabilities.

4. Risk of laboratory investment not meeting expectations

The Company has a first-mover advantage in the testing industry. In order to accelerate the layout of the national testing market, the Company has built a number of laboratories with international or domestic leading levels in recent years. Under the background of continuous innovation in new technologies and industries such as new energy, new materials, high-end equipment, artificial intelligence, and life and health, the Company has also brought more opportunities and challenges to the field of testing. The Company has increased investment in the field of medicine and health, new material testing, semiconductor chip field, rail transit field, new energy vehicles and vehicle networking and deployed the main growth points in the medium and long term. The construction of a laboratory can only be officially put into operation after completing decoration, personnel recruitment, equipment purchasing and review, as well as obtaining qualifications. It takes a certain period of time to achieve a break-even point. If the production capacity of the newly built laboratory does not meet expectations, it may affect the Company's profits. In the future, the Company will focus on building new laboratories, improving the operating efficiency of new laboratories, gradually releasing production capacity, and gradually showing economies of scale, so as to achieve steady growth in the Company's income and profits.

The Company will conduct budget management and control over capital expenditures other than M&A, and conduct detailed return on investment

analysis, evaluate the rationality and necessity of various investments, and reasonably control the investment pace.

The profit distribution plan of the Company upon review and approval of Board of Directors: Based on the total share capital that can participate in profit distribution on the equity registration date when the Company implements the profit distribution plan (excluding shares in the special securities account for repurchase), a cash dividend of 1 yuan (tax included) will be distributed to all shareholders for every 10 shares, and 0 bonus shares will be given (tax included), the capital reserve fund will be used to transfer 0 shares to all shareholders for every 10 shares.

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Table of Document Contents for Reference

(I) The financial statement signed and sealed by Wan Feng, the legal representative, Wang Hao, the accounting head, and Li Yanhong, the accounting organizer.

(II) The original audit report sealed by the accounting firm and signed and sealed by the certified public accountant.

(III) The text of Annual Report 2023 signed by the legal representative, Wan Feng.

(IV) The originals of all company documents and announcements that have been publicly disclosed on the designated website of the CSRC during the reporting period.

(V) Other relevant information.

Definition Table

Term	Refer(s) to	Definition
The company, the Company and CTI	Refer(s) to	Centre Testing International Group Co., Ltd.
Shareholders and General Meeting of Shareholders	Refer(s) to	Shareholders and General Meeting of Shareholders of Centre Testing International Group Co., Ltd.
Directors and Board of Directors	Refer(s) to	Directors and Board of Directors of Centre Testing International Group Co., Ltd.
Supervisors and Board of Supervisors	Refer(s) to	Supervisors and Board of Supervisors of Centre Testing International Group Co., Ltd.
Articles of Association	Refer(s) to	Articles of Association of Centre Testing International Group Co., Ltd.
Third-party testing institution	Refer(s) to	An independent and fair non-governmental testing institution independent of the interests and legal identities of the parties to trade, transactions, sales, cooperation and disputes. Third-party testing services perform testing independently and fairly in accordance with standards, contracts or agreements across multiple industry fields. The testing process and results are not influenced by any client or other external party.
CSRC	Refer(s) to	China Securities Regulatory Commission
SZSE	Refer(s) to	Shenzhen Stock Exchange
Reporting period and the same period last year	Refer(s) to	January 1, 2023 to December 31, 2023, January 1, 2022 to December 31, 2022
Yuan/10,000 yuan/100 million yuan	Refer(s) to	CNY yuan/10,000 yuan/100 million yuan

Section 2 Company Profile and Main Financial Indicators

I. Company information

Share name	CTI	Share code	300012
Chinese name of the Company	华测检测认证集团股份有限公司		
Chinese abbreviation of the Company	CTI		
Foreign name of the Company (if any)	Centre Testing International Group Co. Ltd.		
Foreign name abbreviation of the Company (if any)	CTI		
Legal representative of the Company	Wan Feng		
Registered address	Room 101, Building 1, CTI Building, Xingdong Community, Xin'an Street, Bao'an District, Shenzhen		
Postal code of registered address	518101		
Historical change in registered address of the Company	On August 8, 2018, the registered address was changed from Floor 1, Building C, Hongwei Industrial Park, No. 6 Liuxian 3rd Road, District 70, Bao'an District, Shenzhen to Room 101, Building 1, CTI Building, No. 4 Liuxian 3rd Road, Xin'an Street, Bao'an District, Shenzhen		
Office address	CTI Building, No. 4 Liuxian 3rd Road, Xin'an Street, Bao'an District, Shenzhen		
Postal code office address	518101		
Official website	www.cti-cert.com		
E-mail	security@cti-cert.com		

II. Contact information

	Secretary of Board of Directors	Securities Affairs Representative
Name	Jiang Hua	Ou Jin
Contact address	CTI Building, No. 4 Liuxian 3rd Road, Xin'an Street, Bao'an District, Shenzhen	CTI Building, No. 4 Liuxian 3rd Road, Xin'an Street, Bao'an District, Shenzhen
Tel.	0755-33682137	0755-33682137
Fax	0755-33682137	0755-33682137
E-mail	security@cti-cert.com	security@cti-cert.com

III. Information disclosure and Storage location

The share exchange website where the Company discloses its Annual Report	<i>Securities Times</i> and <i>ShangHai Securities News</i>
Name and website of the media where the Company discloses its Annual Report	www.cninfo.com.cn
Storage location of the Company's Annual Report	Office of Board of Directors of Centre Testing International Group Co., Ltd.

IV. Other relevant information

Accounting firm hired by the Company

Name of accounting firm	Beijing Da Hua Certified Public Accountants LLP (Special General Partnership)
Office address of accounting firm	Room 519A, Floor 5, No. 3 Fuchengmenwai Street, Xicheng District, Beijing, China
Names of signing accountants	Zhou Junxiang and Huang Jialin

The sponsor institution hired by the Company to perform continuous supervision responsibilities during the reporting period

Applicable Not applicable

The financial consultant hired by the Company to perform continuous supervision responsibilities during the reporting period

Applicable Not applicable

V. Main accounting data and financial indicators

Whether the Company needs to retroactively adjust or restate previous years' accounting data

Yes No

Reasons for retrospective adjustments or restatements

Changes in accounting policies

	2023	2022		Increase or decrease in the current year compared with last year	2021	
		Before adjustment	After adjustment		After adjustment	Before adjustment
Operating income (CNY)	5,604,624,525.83	5,130,710,067.66	5,130,710,067.66	9.24%	4,329,088,628.50	4,329,088,628.50
Net profit attributable to shareholders of the listed company (CNY)	910,203,484.57	902,731,908.18	902,731,908.18	0.83%	746,186,939.78	746,186,939.78
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit and loss (CNY)	783,729,247.84	798,208,182.29	798,208,182.29	-1.81%	646,570,497.44	646,570,497.44
Net cash flows from operating activities (CNY)	1,122,394,756.87	1,100,448,099.99	1,100,448,099.99	1.99%	1,072,612,742.17	1,072,612,742.17

Basic earnings per share (CNY/share)	0.5474	0.5403	0.5403	1.31%	0.4465	0.4465
Diluted earnings per share (CNY/share)	0.5474	0.5403	0.5403	1.31%	0.4446	0.4446
ROE	15.55%	18.18%	18.18%	Decreased by 2.63 percentage points	18.17%	18.17%
EBITDA (earnings before interest, taxes, depreciation and amortization)	1,521,161,965.79	1,496,146,541.14	1,496,146,541.14	1.67%	1,282,979,944.86	1,282,979,944.86
	End of 2023	End of 2022		Increase or decrease at the end of the current year compared with the end of last year	End of 2021	
		Before adjustment	After adjustment		After adjustment	Before adjustment
Total assets (CNY)	8,749,114,094.50	7,779,790,058.59	7,832,630,435.63	11.70%	6,476,155,123.79	6,476,155,123.79
Net asset attributable to shareholders of the listed company (CNY)	6,205,345,102.90	5,474,063,875.76	5,475,514,893.90	13.33%	4,457,308,872.00	4,457,308,872.00

Reasons for changes in accounting policies and corrections of accounting errors

On November 30, 2022, the Ministry of Finance issued the *Interpretation of Accounting Criteria for Business Enterprises No. 16* (CH [2022]) No. 31, hereinafter referred to as the “Interpretation No. 16”), explaining the accounting treatment of the three events in No.16: “The accounting treatment for which the initial recognition exemption is not applicable to deferred income taxes related to assets and liabilities arising from a single transaction” has taken effect from January 1, 2023, allowing companies to implement it in advance from the year of release.

From January 1, 2023, the Company does not retroactively adjust the comparable period information, and only adjusts the amount of the relevant items in the financial statements at the beginning of the year in which the Criteria was first implemented.

The Company’s net profit before and after deduction of non-recurring profit and loss in the past three fiscal years, whichever is lower, is negative, and the audit report for the most recent year shows that there is uncertainty in the Company’s ability to continue operating

Yes No

The lower of the net profit before and after deduction of non-recurring profit and loss is negative

Yes No

Whether the Company's share capital has changed and affected the amount of owner's equity due to the issuance of new shares, additional issues, rights issues, equity incentive exercise, repurchase and other reasons on the disclosure date from the end of the period to the Annual Report

Yes No

Dividends paid on preferred share	0.00
Interests paid on perpetual bond (CNY)	0.00
Fully diluted earnings per share calculated based on the latest share capital (CNY/share)	0.5409

VI. Main financial indicators by quarter

Unit: CNY

	Q1	Q2	Q3	Q4
Operating income	1,117,097,334.31	1,438,954,412.68	1,525,405,269.39	1,523,167,509.45
Net profit attributable to shareholders of the listed company	144,260,702.30	283,910,821.15	312,678,839.60	169,353,121.52
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit and loss	116,998,129.35	267,586,997.23	294,937,981.08	104,206,140.18
Net cash flows from operating activities	-24,179,495.64	191,405,200.22	237,612,663.45	717,556,388.84

Are there any significant differences between the above financial indicators or their totals and the relevant financial indicators disclosed by the Company in quarterly reports and semi-annual reports?

Yes No

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

1. Differences in net profits and net assets in financial reports disclosed in accordance with both international and Chinese accounting standards

Applicable Not applicable

During the reporting period, there were no differences in net profits and net assets in financial reports disclosed in accordance with both international and Chinese accounting standards.

2. Differences in net profits and net assets in financial reports disclosed in accordance with both accounting standards in China and outside China

Applicable Not applicable

During the reporting period, there were no differences in net profits and net assets in financial reports disclosed in accordance with both accounting standards in China and outside China.

VIII. Non-recurring profit and loss items and amounts

☑ Applicable ☐ Not applicable

Unit: CNY

Item	Amounts in 2023	Amounts in 2022	Amounts in 2021	Description
Profit and loss from disposal of non-current assets (including the write-off of asset impairment provisions)	-2,424,535.41	222,582.20	5,357,281.99	Profit and loss from disposal of fixed assets and investment incomes from disposal of long-term equity investments, etc.
Governmental subsidies included in the current profit and loss (excluding governmental subsidies that are closely related to the Company's normal business operations, comply with national policies and regulations, are enjoyed in accordance with determined standards, and have a lasting impact on the Company's profit and loss)	92,972,326.72	96,961,312.09	85,672,973.49	Governmental subsidies, etc.
In addition to the effective hedging business related to the normal operation of the Company, the profit or loss of fair value changes from holding of financial assets and financial liabilities by non-financial enterprises and the profit or loss from disposal of financial assets and financial liabilities	37,289,526.75	9,543,708.82	2,242,380.58	Profit from holding and disposal of other non-current financial assets.
Profit and loss from entrusting others to invest or manage assets	9,013,472.23	11,786,873.48	21,771,461.39	Profit from financial products.
Reversal of impairment provision for accounts receivable that has been individually tested for impairment	613,961.57	265,162.58		

Other non-operating incomes and expenditures other than the above	7,975,277.91	3,085,839.77	312,046.80	
Less: Affected income tax amount	16,276,339.25	14,738,451.10	14,993,434.46	
Affected minority shareholders' interest amount (after-tax)	2,689,453.79	2,603,301.95	746,267.45	
Total	126,474,236.73	104,523,725.89	99,616,442.34	--

Specific conditions of other profit and loss items meeting the definition of non-recurring profit and loss:

Applicable Not applicable

The Company does not have any other specific conditions of profit and loss items meeting the definition of non-recurring profit and loss.

Description of the definition of non-recurring profit and loss items listed in the *Explanatory Announcement No. 1 on Information Disclosure of Publicly Issued Securities Companies - Non-recurring Profit and Loss* as recurring profit and loss items

Applicable Not applicable

The Company does not have any of the non-recurring profit and loss items listed in the *Explanatory Announcement No. 1 on Information Disclosure of Publicly Issued Securities Companies - Non-recurring Profit and Loss* defined as recurring profit and loss items.

Section 3 Management Discussion and Analysis

I. Industrial condition of the Company during the reporting period

(I) Industrial development of the Company

The Company is a comprehensive third-party organization integrating testing, calibration, inspection, certification and technical services, providing one-stop solutions to worldwide clients. In accordance with the *Guidelines on Industry Classification of the Listed Company* (2012 revision) issued by CSRC, the Company belongs to “M74 professional technical service industry”. In accordance with the *Classification of Strategic Emerging Industries (2018)* issued by the State Statistics Bureau, the Company belongs to “quality inspection technical service industry” among strategic emerging industries. The testing industry has been listed as high-tech service industry, S&T service industry, producer service industry and strategic emerging industry in China, is an important part of the national quality infrastructure, and plays an important role in constructing a country with high-quality products, robust service and manufacturing, promoting industrial upgrading, improving product quality, and promoting high-quality economic and social development.

In accordance with the *Statistical Brief on the National Testing Service Industry in 2022* issued by the State Administration for Market Regulation, by the end of 2022, there were 52,769 testing institutions in China, with a year-on-year growth of 1.58%, and the annual operating income was CNY 427.584 billion, with a year-on-year growth of 4.54%. In 2023, under the background of a complex macro environment, China’s economic development faced greater uncertainty, and the testing industry was subject to short-term fluctuations. Testing serve economic development and industrial upgrading. As economic operations continue to recover, a new round of technological revolution and industrial transformation and upgrading will bring new development opportunities to the testing industry. Industry demand is expected to continue to recover, and the testing industry will grow in the medium and long term. Momentum remains and long-term resilience remains strong.

1. National policies support the high-quality development of the testing industry

During the reporting period, the Central Committee of the Communist Party of China and The State Council issued the *Outline for the Construction of A Country with High-Quality Products*, which proposed that by 2025, the overall level of quality should be further improved, the influence of Chinese brands should be steadily improved, and also proposed that metrology, standards, certification and accreditation, testing should achieve a higher level of collaborative development, a number of national quality laboratories should be built, and a number of efficient and practical quality infrastructure integrated service bases should be established. On December 11, 2023, the General Office of the State Council issued the *Several Measures on Accelerating the Integrated Development of Domestic and Foreign Trade*, which put forward 18 work measures in 5 aspects and clearly proposed to promote the connection between domestic and foreign trade standards and the connection between domestic and foreign trade testing and certification, thus to facilitate the equal line, standard and quality between domestic and foreign trade products. China has provided policy support and implementation directions for the development of testing institutions, helping the testing industry to achieve high-quality development and growth.

2. Market structure is further optimized

In order to strengthen the decisive role of the market in resource allocation, the market-oriented reform of the testing industry continues to deepen. Relevant departments have issued a series of policies to encourage private testing institutions to participate in market competition on an equal footing. The integration and opening of the market will provide more market space for the development of third-party testing institutions. In September 2021, the State Administration for Market Regulation issued the *Guiding Opinions on Further Deepening Reforms to Promote the Improvement and Strengthening of the Testing Industry*, which clearly proposed that the testing industry should focus on deepening reforms during the “14th Five-Year Plan” period, promote the market-oriented development of testing institutions, and continue to deepen reforms by taking measures such as promoting the reform of testing institutions, encouraging social capital to enter the testing industry, and creating common technical service platforms. At the National Certification and Accreditation Testing Work Meeting in 2022, the General Administration of Market Supervision stressed that deepening reform is the driving force to continuously stimulate market vitality. By the end of 2022, there were 32,536 private testing institutions that have been certified totally in China, accounting for 61.66% of all testing institutions, and the proportion of private testing institutions has shown a significant upward trend year by year; the annual income of private testing institutions was CNY 175.923 billion, with a year-on-year increase of 6.18%, 1.64 percentage points higher than the annual income growth rate of the national testing industry. Through continuous optimization of the business environment, the market vitality of the testing and testing industry has been continuously stimulated, and the marketization level has continued to improve.

3. Intensification level is continuously improved

The intensification level in the testing industry is continuously improved. In the national testing service industry in 2022, the number of testing institutions above designated size was 7,088, with a year-on-year increase of 0.95%, the operating income was CNY 336.431 billion, with a year-on-year increase of 4.21%, and the number of testing institutions above designated size only accounted for 13.43% of the whole industry, but its operating income accounted for 78.68%, showing a rapid intensive development trend. In 2022, the growth rate of small and micro enterprises declined significantly, the income growth rate of small testing institutions decreased by 5.18 percentage points on year-on-year basis, and the income of small testing institutions decreased by 1.69% on year-on-year basis, and the growth rate decreased by 19.22 percentage points on year-on-year basis. At present, China’s economy is facing a turning point, the growth rate of the testing industry is slowing down, entering the stage of industrial integration, large-scale testing through continuous M&A integration, the comprehensive strength continues to increase, small and micro testing institutions need to further improve their operating capabilities, to do better and stronger direction, enhance core competitiveness, so that the phenomenon of small, scattered and weak enterprises is expected to be continuously improved. In terms of internationalization, there is still a large gap between the international competitiveness of China’s testing institutions and that of international testing institutions. China’s testing institutions still have a long way to go in their internationalization journey. They need to further enhance their brand awareness, reputation and credibility and improve their international competitiveness. In recent years, CTI has been actively exploring its global development process, striving to build up its international service capabilities, and moving forward steadily on the way to internationalization.

4. Differentiated development in the field of testing is continuously expanded

With the development of S&T and the continuous upgrading of industries, the proportion of emerging fields has been increasing in recent years, while the proportion of traditional fields in the total industry income has shown a downward trend. In 2022, emerging fields such as electronics [including electronic&electrical appliances, machinery (including automobile), material testing, medicine, electricity (including nuclear power), energy, software and informatization]] maintain rapid growth, and these areas achieved a total income of CNY 83.047 billion, with an increase of 12.57%, 8.03 percentage points higher than the income growth of the whole industry. Traditional fields [including construction engineering, building materials, environment and

environmental protection (excluding environmental monitoring), food, motor vehicle inspection, agricultural products, forestry, fisheries and animal husbandry] achieved a total income of CNY 164.037 billion in 2022, with a year-on-year increase of 2%. In recent years, the Company has continued to ramp up in the strategic track inspired by the spirit of second entrepreneurship. During the reporting period, the Company achieved rapid growth in new energy vehicles, carbon peaking and carbon neutrality and digitalization, and improved the industrial layout of semiconductor chip testing, pharmaceutical CMC study, medical device and marker fields by means of M&A, providing new growth aspects for its sustainable development.

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

After years of accumulation and development, the Company has become a leading enterprise in domestic private testing institutions. Judging from the main business of each testing institution, state-owned testing institutions are mainly responsible for the mandatory testing business of various ministries and commissions such as commodity inspection, quality inspection, environmental protection, health and other certification requirements, which do not constitute direct competition with the Company. With the continuous deepening of market-oriented reforms, the marketization of state-owned testing institutions is an inevitable trend. Therefore, competition between state-owned testing institutions and the Company may be gradually formed. At present, most private testing institutions in China are mainly engaged in technical testing services in a certain field, showing limited competition with the Company's comprehensive testing services. With the rapid development of China's private testing institutions, a number of outstanding peer listed companies have emerged, which will gradually form competition. Since China's accession to the WTO, the technical testing industry has been opened to foreign investment, and large international testing institutions have set up branches in China, mainly engaged in comprehensive testing services, which are the main competitors of the Company. During the reporting period, the Company continued to improve operating efficiency by promoting lean culture, the gradual implementation of innovative culture, and testing automation. At the same time, it focused on medium- and long-term development strategies, maintained its competitive advantages in traditional fields, and continued to increase investment in semiconductor chips, new energy, and medicine. In strategic fields such as medicine, the Company will steadily advance the process of internationalization to ensure its competitive advantage in the industry.

II. The Company's main business during the reporting period

(I) Introduction to the Company's main business

During the reporting period, the Company's main business remained unchanged, and such business can be categorized into 5 major business segments according to industries, whose service capability has comprehensively covered related industries such as the environment, food and agricultural products, cosmetics and pet food, pharmaceutical and medicine, metrology and calibration, new-energy automobiles, rail transit and aviation materials, shipping, chips and semiconductors, low-carbon environment protection and green certification, construction engineering and industrial services, as well as their upstream and downstream supply chain industries. As of the end of the reporting period, the Company has set up about 160 laboratories and more than 260 service networks in more than 90 cities worldwide, and the Group and its molecular companies issue more than 4 million credible testing and certification reports every year, serving more than 100,000 clients.

1. Food & agricultural and health products services

The Food & Agricultural and Health Products Department is one of the Company's core business departments. It has established the product lines and special teams such as food & agricultural products, special foods and daily chemical products,

rapid testing and animal nutrition and health, certification audits, training centers, food & agricultural and health products Research Institute and built an independent, professional, comprehensive, and national laboratory and service network to provide a full range of technical services for government supervision and food supply chain enterprises. The service fields cover planting and breeding, primary production, processing and packaging, storage and transportation, distribution and retail, import and export, etc., and actively participate in the R&D and risk management of food enterprises on the basis of testing, certification, auditing, training, consultation and other businesses, provide one-stop quality management solutions for food supply chain, and grant technical support for the operation and supply chain management of enterprises.

2. Environmental testing business

The Company is the earliest private third-party environmental testing institution in China, whose service fields include ecological environment testing, automatic environmental monitoring, marine environment, occupational hygiene, public health, industrial radiation, agricultural environment, soil three-dimensional survey, rail transit ecology, and judicial assessment, thus to provide governments, enterprises and various organizations with environmental monitoring and environmental health and safety technical services in multiple fields across China. Up to now, the Environmental Division has implemented more than 5,000 testing items and developed more than 3,500 certified and recognized assays. The Environmental Business Department actively researches, develops and tests new technologies, lays out new segmented tracks in a forward-looking manner, and continuously launches new businesses such as new pollutant monitoring, cultivated land quality soil testing, and seawater testing, providing professional technical support for environmental protection and creating green value for social development.

3. Construction engineering and industrial services

Relying on the brand advantages of “CTI Engineering”, “CTI Material”, “CTI Rail”, “CTI Industry” and “CTI Fire Fighting”, the Construction Engineering and Industrial Service Department provides clients with one-stop services such as laboratory test, non-destructive testing, product testing and certification, consultation and program management, covering the fields such as civil and public buildings, municipal engineering, building materials, rail transit, fire and flame retardant materials, metal and non-metal materials, industrial products and complete sets of equipment, as well as the full-cycle management of large-scale industrial projects. The Company has a wide range of laboratories and service outlets nationwide and is equipped with experienced testing and certification teams and technical experts. The Company provides fast, efficient and professional services to clients in various industries nearby, helping clients control product quality, supervise program quality, resist unknown risks and improve market competitiveness.

4. Metrology and digitization services

The Metrology and Digital Department is one of the Company’s core business departments, covering metrology and calibration, reference substance and proficiency testing, imported commodities and luxury goods identification and testing, laboratory preparation and design, and qualification consultation, and its laboratory has item calibration and testing capabilities recognized by CNAS. The metrology product line has more than 5,000 recognized capabilities in metrology professional fields such as geometry, thermodynamics, mechanics, acoustics, electromagnetism, radio, time and frequency, optics, chemistry, and ionizing radiation, and has domestic first-class metrology standards and precision instruments. The digitization product line “one-stop” high-quality digitization service has expanded from a single government field to multiple fields such as medicine, finance, education, transportation and enterprise, covering electronic authentication, commercial cryptography technology, network

security level protection, software security applications and other business segments, the service covers most of the provinces and cities nationwide, can meet the needs of major enterprise clients multi-location business services.

5. Marine & natural resources services

The Company can provide international services of third-party testing, consultation and natural resources testing services in the fields of energy/energy efficiency, maritime environment, engineering technology for shipping companies, shipyards, and ship accessory enterprises worldwide. The Company is an ISO/IEC 17020 accredited testing institution and an ISO/IEC 17025 accredited laboratory, whose services cover bunker quantity survey (BQS), discharged water compliance services, IHM and IHM maintenance, asbestos survey and asbestos-free certification, green ship breaking supervision, marine fuel quality testing and solutions (including biofuel and methanol), lubricating oil testing, ship hazardous substances testing, water quality testing, technical solutions (including fuel monitoring systems, energy efficiency optimization devices), ship performance/operation management, ship ESG sustainable development report, E-logbook, cylinder oil optimization solutions for cylinder liner wearing, providing one-stop maritime services.

6. Green, low-carbon and ESG services

The Company is an independent third-party professional certification institution approved by China Certification and Accreditation Administration (CNCA) and accredited by China National Accreditation Service for Conformity Assessment (CNAS). As one of the first certification institutions in China to be established and approved and recognized by the state, CTI regards green, low-carbon, sustainable development and ESG business as the key directions of its future development. The Company is committed to fulfilling its sustainable development responsibilities and providing a variety of services to its clients, including organization of carbon verification (ISO 14064-1), product carbon footprint certification (ISO 14067), GHG emission reduction program validation and certification, carbon peaking and carbon neutrality planning, carbon-neutral certification, green assessment services, energy-saving diagnosis and assessment, EHS compliance evaluation, ESG report/rating upgrade/strategic planning /database services, green finance information disclosure, green finance program assessment and certification.

The Company has over decade of in-depth experience in the field of sustainable development, and has obtained qualifications in the field of sustainable development granted by many international and domestic authoritative organizations. It has a professional and experienced technical team and can provide enterprises with one-stop sustainable development services, helping enterprises to achieve green and low-carbon development, improve environmental, social and governance performance, and contribute to the sustainable development of enterprises; it has many years of service experience and expertise in the ESG and green finance fields, and has an in-depth understanding of the latest trends, regulations and standards in the ESG and green finance fields. It can respond quickly to client needs and deliver high-quality service results on time. It is committed to providing clients with professional, efficient and reliable service products, always adhering to the client-oriented service concept, and helping clients achieve sustainable development and long-term competitive advantages.

7. Consumer goods services

The Company provides consumer goods services in fields such as electronic&electrical appliances, chips, textiles & apparels, bags, footwear, toys, baby and children's supplies, students' supplies, furniture, food contact materials, groceries and sports equipment. The Company's light industry and toy supplies focus on consumer product safety, can provide professional and technical services in testing, certification, auditing, training and consulting. The light industry and toy supplies laboratory has been

accredited by CNAS, UKAS, and become an institution in the first batch to obtain the U.S. CPSC accreditation, a CE-marked authoritative notified institution in EU, and a testing institution that has been designated as a qualified laboratory for CCC certification in China; textiles & apparels, footwear and bags services can provide professional testing services for textiles & apparels, accessories, finished footwear and footwear materials, bags and other products. The Company has set up professional testing laboratories for textile, footwear and bags and bags in many cities in China, gathered professional technical talents, and obtained certifications from many countries and organizations; according to national and international testing standards, the Company can provide clients with testing of physical properties and chemical substances of products in the textiles & apparels, footwear and bags industries. In the semiconductor field, the Company has established 5 major semiconductor testing and analysis laboratories in China, with qualifications such as CNAS, ISO 9001, ISO/IEC 17025, ISO 27001, and ANSI/ESD S20.20, and is committed to providing one-stop testing, analysis, and certification solutions for clients in the consumer, industrial, and automotive semiconductor industries. It provides one-stop services for integrated circuits, discrete devices, power devices, sensors, optoelectronic devices, and other semiconductor devices, including test hardware design and production, reliability testing, failure analysis, and other services, and can perform testing in accordance with various international standards such as JEDEC, MIL-STD, and AEC-Q.

8. Automobile & metal material services

Established in 2007, the Automobile Department is the earliest professional laboratory for transportation services in China. Since its development, CTI has obtained international/domestic system recognition such as CNAS, CMA, A2LA, NADCAP and AS9100, and has also set up a professional technical team, established professional laboratories in all the automobile industry clusters in China, whose service network spreads over industrial bases. The service fields include automotive materials testing, environmental and chemical testing, interior and exterior decorating parts testing, structural parts testing, automotive optical components testing, fasteners testing, as well as aviation materials testing, intelligent connected vehicles and automotive inspection without disassembly, providing one-stop solutions in testing, analyzing, auditing and training for enterprise clients.

9. Electronic technology services

The Electronic Technology Department has built a 3-m anechoic chamber, a 10-m anechoic chamber and a shielded room in East China and South China respectively; and has set up a safety laboratory, an energy efficiency laboratory and a medical device laboratory. Services and products include electronic&electrical appliances, automotive electronic parts and components, rail transit locomotives along with their parts and components, electrical equipment, large machinery and medical devices. Service items include safety testing, energy efficiency testing, EMC testing, automotive electronics EMC testing, wireless radio frequency testing, health lighting testing, EMC on-site testing and other testing services, as well as machinery directive certification and multi-national certification services; in Singapore, CTI is accredited to issue CB certification, providing clients with one-stop services from testing to certification.

10. Pharma and clinical services

The multidisciplinary professional team of the Pharmaceutical and Medical Service Department has rich service experience in pharmaceutical, medicine, medical device and health management, and has developed unique technical service capabilities in various fields. Equipped with a full-fledged quality system (CNAS/CMA/ISO/GLP/GMP) and pharmaceutical and clinical data management system, the team can provide the industry with comprehensive service solutions in pharmaceutical, medicine, medical device and health management, including pharmaceutical CMC study, generic drug consistency evaluation, innovative drug non-

clinical study, pre-clinical PD and PK services, pharmaceutical and medical device testing and analysis services; at the same time, the team can provide registration consulting services for pharmaceutical companies, helping in drug registration application in CDE, FDA and EMEA. In the medical field, CTI can provide independent third-party ICL services of medical testing such as clinical diagnosis, conventional pathology/molecular pathology diagnosis, genetic testing, precision clinical testing, metabonomics and S&T services. Meanwhile, the team can provide health examinations and health management services for office workers.

(II) The Company's overall business model

The Company's overall business model: The R&D Department investigates national standards, industrial standards in China and overseas, self-prepared standards of large clients (internal standards), researches and develops new assays, enhances test capacity and expands the test scope by equipping equipment and personnel, and determining the operation process; the Marketing Department takes the initiative in promoting its testing services to clients based on the Company's excellent brand effect, obtain client orders for testing, and issue data and provide test reports upon completion of tests carried out by laboratories.

III. Core competitiveness analysis

1. Advantages in brand and credibility

Brand and credibility are the key to the survival and development of an independent third-party testing institution. Adhering to the values of Integrity, Collaboration & Team Advancement, Lean, Innovation, and Customer Centricity" and taking "building trust and ensuring quality of life for all" as the mission, the Company comprehensively safeguard quality and safety, and strive to realize the beautiful vision of "CTI is always by your side". The Company has established a laboratory management system in accordance with ISO/IEC 17025 and a checking institution management system in accordance with 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 institution by both China Compulsory Certification (CCC) and EU notified body (NB). The Company is an APSCA Full Member, an EU CE-marked institution for PPE, a FOSTA-accredited inspection institution, a testing institution authorized by South African Bureau of Standards, as well as the only Chinese organization to attain Global Carbon Council (GCC) qualification. Meanwhile, 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 internationally. The Company became a global member of the TIC International Inspection, Testing and Certification Council (TIC Council) officially on June 1, 2023, fully demonstrating that the Company's compliance control and sound operations have been recognized internationally.

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, *Review Criteria for Qualifications of Testing Institutions* and the internal document *Measures for Group Quality Supervision and Management*. Group-wide quality management requirements are put in place through quality audit, special 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 overall quality control, while at the level of business department/subsidiary/operation outlet, relevant systems are supplemented and developed, and quality management is strengthened according to their respective business characteristics.

During the reporting period, the Group's QHSE Department planned and organized the implementation of a one-year "Special Audit" for each subsidiary, and targeted special audits in five different fields as the scope of the 2023 Special Audit, in order to explore a normalized supervision mechanism in a more focused manner. After one-year trial operation, the professionalism of auditors in different fields and the effectiveness of audit results have been greatly improved. In view of the good leading role, the Company plans to integrate this type of check method into the daily quality management system of each subsidiary in 2024, continuously improve the quality management capabilities of each branch and subsidiary, and pursue higher quality and steady development. Meanwhile, the Group's QHSE Department also launched the "Quality Management Maturity Assessment of Subsidiaries" Version 2.0, which clarified and strengthened the requirements of the Quality Department for the secondary quality supervision of each laboratory by quantifying the certification and accreditation technical service standards and upgrading the risk management database, and assessed the work performance of Quality Management Departments in subsidiaries with comprehensive, focused and quantifiable scoring indicators, enabling the continuous quality and maturity promotion of these Departments based on quality technical support of product line and QHSE compliance assurance.

During the reporting period, the Group's QHSE Department established a three-level HSE checking mechanism (group-subsidiary-laboratory) to promote the comprehensive implementation of HSE management requirements by each subsidiary and organize three-level HSE checks, thereby continuously identifying opportunities and enabling self-improvement. Meanwhile, in order to consolidate the Group's HSE management's mastery of HSE professional knowledge, over 150 members of the Group's HSE management were given special HSE administrator courses (including professional skills, knowledge, and work practices), and 4 offline skill trainings were held, with total training times of 2,216 hours and a satisfaction rate of 97.4%. The safety awareness of personnel in key positions in the laboratory was improved through 4 recorded trainings, with a total of 1,176 trainees trained and training times of 1,898.1 hours during the reporting period.

During the reporting period, in order to strengthen the knowledge base of quality personnel, the Group organized and carried out Group-wide personnel trainings by means offline + online training. The courses included the *Laboratory Accreditation/Qualification Certification Internal Auditor*, *Quality Supervisor*, *Authorized Signatory*, *Requirements in Laws and Regulations and Industrial Standards*, *Requirements for Group Document Archiving*, and *Management System Documents*. A total of 15 offline trainings, 19 online live trainings, and 34 online recording and broadcasting trainings have been conducted, with a total of 19,156 trainees trained and training times of 30,200.9 hours. At the same time, in order to ensure that the Group's middle management can truly master QHSE knowledge and effectively apply it, in accordance with the *QHSE Knowledge Assessment Management Regulations for Middle Management* formulated by the Company, more than 1,500 Group-wide middle management were assessed in October 2023, with an overall pass rate of 99.56%.

The Company applies a cutting-edge laboratory information management system (LIMS) to manage laboratory personnel, equipment, testing methods and samples, so that client samples are under systematic management throughout the entire circulation and testing process in laboratories. LIMS system tracks samples during the circulation process through codes and barcodes, making labels such as product brands and manufacturers invisible, ensuring that personnel involved in each link cannot know the actual provider or client of the samples, effectively avoiding fraud such as data modification. 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

The sustainable development of an enterprise depends on team growth. The Company's core team has accumulated rich experience in the testing industry and can quickly grasp industrial development trends and formulate strategies to adapt to political and industrial changes. The Company insists on creating a research-based atmosphere oriented at a high proportion of highly educated and high-quality talent and establishing a sound and scientific promotion system, allowing the Company to attract various talents who want to engage in testing. The Company values employee growth, commits to becoming a platform suitable for employees' career development, encourages employees to become experts or managers in their respective professions in the form of dual-channel career development, thus to become experts or professional managers in their fields based on the actual situation. Besides, the Company taps into employee potential and grants adequate opportunities for adaptation and attempt, so that every employee can strike a dynamic balance between self-worth and business growth. As for its talent 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 sustainable development.

To strengthen training on all employees, the Group held a total of 168 training courses and opened 4,626 self-learning courses on the E-learning platform, with a total of 261,307 training hours for employees, of which 72,924 hours were for items, open courses and special training, 140,623 hours were for E-learning online training and 47,760 hours were for other special training. The training coverage rate reached 100%, and the per capita training hours reached 20.07.

For leadership development, the Company set up various leadership improvement programs, such as "Huihua Executive Development Program (EDP)", "Guanghua Leadership Acceleration Program (LAP)", "Qinghua Management Trainee Program (MTP)", "High Potential Talent (HPT) Development Program", and "Climb to Win Program" to comprehensively enhance the leadership of management at all levels. During the reporting period, external lecturers were invited to conduct a training course on the topic of *Strategic Thinking Equation* for all senior staff to assist the Group management in formulating and implementing strategies. A total of 40 senior staff participated in this training, with 16 training hours per capita and 640 training hours totally. In order to cultivate Group-wide senior reserve management talents, a total of 32 managers were invited to participate in the 5th LAP Program, with 6,016 training hours totally and 188 training hours per capita. In order to meet the rapid development needs of the organization and formulate a more targeted talent development program, the Group has prepared for the 1-phase HAP program since December 2020, screened 19 members to participate in this training program, held the kick-off meeting of the 1-phase HAP in March 2021, and completed the training in January 2024 successfully. During in the current period, the program team regularly organized trainees and mentors to conduct reports in stages, reviewed and summarized the trainees' growth at each stage, and adjusted and confirmed future growth, ultimately cultivating excellent middle and senior core managers in various departments. In order to train Group-wide junior management, the "Climb to Win Program" trained 670 employees totally, with 22,780 training hours totally. The Company adopts consistent talent development strategies and policies for overseas regions. In order to promote better integration of overseas M&A companies with the Group, the Group encourages the use of outstanding backbones of the M&A companies in core management and technical positions, supplemented by management personnel appointed by the Group at the same time, so as to help stabilize the team after M&A.

In order to maintain the stability of the core team and attract more outstanding talents, the Company has implemented the full performance assessment program, employee share ownership plan and equity incentive plan and other incentives to stimulate the enthusiasm of its core team, to lead the team to achieve its strategic objectives, and to lay the foundation for its efficient, high-quality and sustainable development.

During the reporting period, the Company was honored with the “2023 Human Resource Management Excellence Award” by 51job, a leading human resource services company in China, for the 6th time. The Company was also honored to be on the list of “2023 Most Influential Employers” in the 5th Outstanding Employer Selection Activity held by Haitou.cc

3. Digital strategy to enhance 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 160 laboratories and more than 260 service network spanning over 90 cities in more than 10 countries worldwide, the Company is operating in the following industries as well as their upstream and downstream supply chains: textiles & apparels, footwear and bags, toys and light industrial products, electronic&electrical appliances, pharmaceutical and medicine, 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, green and low-carbon and ESG services, maritime services, and digitization certification. A well-established laboratory network and one-stop service capabilities have become the Company’s crucial advantages in competition.

CTI is devoted to providing more professional and value-added services for clients, keeping a keen eye on client demands and constantly improving service quality and competency. CTI has been deeply engaging in the testing industry for years, with its services covering a wide range of industries and test items, so it has gathered massive testing data, which is highly reliable, comprehensive in both width and depth, and serves extensive purposes. The Company can provide enterprises with risk-based testing solutions, risk-based internal and supply chain management solutions, quality cost control basis, supplier evaluation basis.; provide the government with sampling risk estimation and prevention basis, policy and regulatory decision-making basis, decision-making efficiency and scientific decision-making support; and provide consumers with decision-making basis for understanding product quality and safety.

CTI has established a self-operated e-commerce platform CTI MALL and a big data analysis mechanism, demonstrating its determination to improve service quality leveraging digitization technology. CTI MALL makes full use of cutting-edge digitization technology –such as digitization connection, transmission, structured storage and visualization technologies, and relies on massive computing capacity to enable integrated management of multi-terminal clients, 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 all-day orders on their own 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. The newly launched MYCTI client service management system, adhering to the core concept of “Client-First” and with the help of booming Internet technology, provides clients with more convenient services such as report/certificate query, report authorization, progress query of application form, and online order placement. Meanwhile, MYCTI builds a bridge of data interoperability through the medium of a unified interface platform to enhance the level of after-sales service and client adhesion, on the premise of meeting the needs of information security and data leakage prevention. Meanwhile, under the premise of meeting information security and preventing data leakage, MYCTI builds a bridge of data interoperability with a unified interface platform as a medium to enhance after-sales service level and client stickiness. During the reporting period, the Company and Huawei launched in-depth cooperation, based on the advantages of both parties in the field of third-party testing and intelligent digitization, and cooperated in the development of digitization employees to realize the “Human-Machine Collaboration” work mode, reconfigure the business process, and further explore and expand the demand for automation of business scenarios, releasing the new vitality and new kinetic energy of digitization transformation.

4. Advantages in innovation and R&D

The Company has formulated the *Innovation and R&D Management System* to regulate the Group's innovation and R&D activities, and has established a Research Institute to focus on S&T and innovation such as digitization strategy, talent base construction, standard R&D and formulation and revision, and patent invention, to further deepen regional innovation and development. The Group Research Institute is the earliest professional research institution established among China's private testing institutions. With the technical support of the 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 its business departments.

A postdoctoral innovation practice base was established in 2018 to serve as a platform for state-level S&T projects and experiments for outstanding young people from colleges and research institutes, and build a team of senior S&T elites. This is expected to provide technical support for the Company to enhance its technological innovation competitiveness. It was upgraded to an enterprise postdoctoral work sub-station in February 2023. Up to now, the Group's postdoctoral innovation and practice base has recruited 9 postdoctoral fellows, 5 of which have left the station. Currently, there are 4 fellows working in the base, mainly engaged in fields such as chip, chemistry, biomedicine and food. As CTI actively carries out S&T innovation cooperation with major universities, it is a practice base for joint training of postgraduate students at Shenzhen University. In 2023, the Company cooperated with Jiangnan University in the field of food and agricultural products to produce 2 SCI thesis and 1 patent; and cooperated with Shanghai Jiao Tong University in the field of chip and semiconductor material testing to produce 1 SCI thesis.

The Company buttresses the work of 56 international and national standardization technical committees/sub-committees, participates in the formulation and revision of international, national and industrial standards, and owns many seats: over 20 members and 2 vice chairmen in national standardization technical committees/sub-committees. Besides, it has organized 2 ISO/IEC panels cumulatively and has trained 2 ISO/IEC panel convenors and 9 ISO/IEC panel registered experts. In November 2023, the new International Organization for Standardization panel ISO/TC34/SC6WG28, which the Company applied to organize, was formally established after being approved by ISO. This will be conducive to the promotion of international trade in a fair manner and provide strong technical support for the healthy development of international trade along with powerful support for the Company to develop international business market. During the reporting period, the Company participated in the standardization and revision of 38 new published standards, including 3 international standards, 25 national standards (of which 2 are mandatory national standards) and 3 industrial standards; as at the end of the reporting period, the Group participated in the standardization and revision of 690 standards, and has published 633 standards, including 11 international standards, 413 national standards (of which 21 are mandatory national standards) and 193 industrial standards. During the reporting period, the Group authorized 65 new patents, including 20 invention patents and 45 utility model patents. By the end of the reporting period, 354 patents have been authorized, including 76 invention patents and 278 utility model patents.

During the reporting period, the Company set up the Innovation Committee, which is committed to promoting the popularization of innovation values; added the "Innovation Award", which is an annual review of employees' innovation proposals and provides innovation incentives to outstanding employees; and carried out innovation R&D trainings, with 3 offline trainings in East China, North China, and South China organized, centering on the content of innovative thinking, policy interpretation, program declaration, and results condensation. The training centered on innovative thinking, policy interpretation, program declaration, and results condensation. Over 100 employees participated in the training, and the training hours per capita amounted to 16.

A number of CTI's R&D achievements have been recognized by the market, governmental departments and industrial associations, and its leading R&D capability provides an important guarantee for its development. During the reporting period, the Company took the lead in undertaking the National Key R&D Program of the Ministry of Science and Technology, "R&D and Application of Integrated Inspection and Testing Service Platform for Emerging Industries", which has formed a one-stop collaborative platform for testing services. It was honored with the Science and Technology Award of Guangdong Entry-Exit Inspection and Quarantine Association; Shenzhen Key Enterprise Research Institute "New Generation of Information Electronics Inspection Research Institute Program" won the Grand Prize of Science and Technology Award of China General Chamber of Commerce.

IV. Analysis of main businesses

1. Overview

With the complex and volatile economic situation at home and abroad in 2023, as China's economy was facing a deep structural adjustment, the market demand was gradually recovering but the growth rate was slowing down, leading to difficulties and challenges in the testing industry. Faced with the impact of factors such as periodic changes in the external environment, a decline in demand for infection-related businesses, and intensified competition in segmented markets, the Company has timely adjusted and optimized its strategies in accordance with changes in the market situation, strengthened its sense of crisis, and responded to external uncertainty challenges with the certainty of management. CTI's overall operating performance has maintained steady growth. Meanwhile, the Company is fully committed to improving quality and efficiency, and attaches great importance to the management of accounts receivable, and the operating cash flow continues to be favorable, and will continue to maintain solid growth based on the great achievements in 2022. During the reporting period, operating income of CNY 5.605 billion was realized, with a year-on-year increase of 9.24%; net profit attributable to shareholders of the listed company of CNY 910 million, with a year-on-year increase of 0.83%; and net cash flow from operating activities of CNY 1.122 billion, with a year-on-year increase of 1.99%.

(I) Stable development in traditional fields and outstanding performance in segmented tracks

1. Food & agricultural and health products field

The food & agricultural and health business has developed into CTI's largest business in terms of income volume, and has been showing a steady growth trend, with a solid position as a leader in China. In the food & agricultural and health field, the Company can not only provide testing services, but also provide inspection, certification, training and other services, and its comprehensive service capabilities have gradually improved. The Company continues to improve the operating efficiency of its laboratories through lean management, tapping into more niche areas for greater investment and giving full play to its comprehensive service advantages.

In the food testing field, traditional food testing and government sampling maintained stable development, while increasing investment in specialized laboratories and gradually making efforts towards the R&D end of the enterprise, maintaining a stable development trend during the reporting period. In recent years, the Company has focused on developing health and nutrition testing projects, grain and oil projects, gradually improved the national sales network layout, and focused on building special laboratories to fully meet market demand; it was the first in the industry to develop the active protein testing technology in dairy products, glycemic index (GI) services, nutritional evaluation series and other cutting-edge projects. After Japan initiated the

nuclear sewage discharge plan, the first time to launch the food radioactive elements testing services, drinking water, breeding water, food and agricultural products (including aquatic products), pet food, feed, cosmetics, health care products, and other products such as tritium, potassium-40, strontium-89, iodine-131, cesium-137, cobalt-60 and other radioactive elements detection, to help enterprises timely and effective understanding of the whole process of the quality of products. It helps enterprises understand the quality of the whole process of products in a timely and effective manner, effectively control the possible risks, and help enterprises guarantee the safety of their products. The R&D end can provide customized services such as actual testing and tasting, sensory analysis and consumer research services, mystery shopper research services, and nutritional and health upgrading services for the whole chain in the catering industry. By customizing the content of exclusive services, we can help enterprises tap into the promotion of their core competitiveness in terms of branding, products, service management, and food safety to promote the high-quality development of the industry.

Regarding pet food and pet supplies testing, as the domestic pet market has entered a blooming period, CTI grants pet food and pet supplies testing as a key sustainable development program, and constantly explores and develops new testing needs, launches international standards and deeply binds high-end clients, as well as enhances its influence in the industry. The Guangzhou Pet Laboratory was established and CMA qualified to assist in the development of pet food testing in the South. Relying on its technical strength in this field, the Company has developed and launched new projects such as cat litter, pet food palatability, functionality, and food packaging materials, continuously promoting the rapid development of pet food and pet supplies testing business, and increasing its market share.

Regarding testing of special foods and daily chemical products, the demand for cosmetic efficacy testing resumed normalization during the reporting period. With the enhancement of domestic enterprises' R&D strength and consumers' recognition of national products, the demand for efficacy testing of national brands still has a large space for growth, and the Company continues to lay out the efficacy testing market; at the same time, with further expansion of the cosmetic new raw material toxicology test program, the Company's toxicology laboratory has obtained the corresponding CMA qualification. We can provide enterprises with testing and technical support services for cosmetics and raw materials, authenticate the safety of raw materials and products, help enterprises develop new products, enhance the success rate of product launches, and provide safety protection for consumers using cosmetics.

Regarding agricultural product testing, the Company adheres to the strategic positioning of providing full industry chain services from farmland to dining table, is continuously expanded channel construction, and its business basically covers all parts of the country; it is continuously improved the laboratory network layout and capacity building, and operates in Harbin, Nanjing, Zhengzhou, Wuhan, Shenzhen, Qingdao and other places have established special laboratories for agricultural products to meet personalized services; they have accelerated the layout of green food designated institutions, and now they have become the most deployed institutions nationwide. During the reporting period, the agricultural product testing business developed well and achieved steady growth.

2. Environmental testing field

The Company has been engaged in environmental testing for years. With a professional technical team and rich experience in the industry, it broadens the service boundary, sets up special teams for different clients to carry out fixed-point maintenance and effective development, strengthens internal management, continuously improves operating efficiency, and always maintains a leading competitive advantage in the industry. During the reporting period, CTI's environmental testing business maintained

steady growth, among which the environmental monitoring and ocean monitoring product lines performed well and achieved rapid growth.

Regarding the promotion of the Third National Soil Census Program, with the foresight of the industry and the rich experience accumulated in the testing of agricultural farmland, the Company has made sufficient strategic deployment, and 25 laboratories have been shortlisted in the list of testing laboratories of the Third National Soil Census, and 15 laboratories have been awarded as the farmland quality standard laboratories by the Ministry of Agriculture and Rural Affairs, and the service network of the Census has spread nationwide; at the same time, the reference substance developed by us has successfully passed the evaluation of the Cultivation Protection Center of the Ministry of Agriculture and Rural Affairs, and can be provided to the provincial quality control laboratories of the Census and the testing laboratories shortlisted for the Census for quality control of testing process and method validation, so as to ensure that the quality control results of the laboratories and the method validation can be recognized by experts. During the reporting period, CTI won the bid of the Third National Soil Census Program in many provinces such as Heilongjiang, Jiangsu, Sichuan, Hunan, Hubei, Guangdong and Fujian. The bidding situation was satisfactory, and the signing situation was in line with the Company's expectations. Starting from Q4, CTI has gradually carried out sample preparation and testing in accordance with the relevant technical regulations and specifications of the Third National Soil Census, and has fully conducted laboratory quality control. It will continue to empower the Census subsequently.

Regarding marine environment monitoring, it actively seizes new market opportunities for layout, takes the lead in constructing some seawater nuclear radiation testing capabilities after the nuclear accident in Japan, and continuously improves the corresponding capacity building according to the changes in market demand. Regarding client recognition, it has increased the development of new energy clients, has been recognized by a number of new energy large-scale enterprise clients; it won the bid once again for the Technical Services Purchase Program of 2023 National Marine Environmental Quality Monitoring (Jurisdictional Sea Summer Voyage) for the two packets of marine environmental monitoring tasks in the central Zhejiang offshore and the North Yellow Sea offshore. Since 2021, CTI has won 7 consecutive bids to undertake the tasks of the national marine environmental quality monitoring program, and has excellently completed the 9 packets of monitoring tasks totally.

Regarding environmental monitoring, The Ministry of Ecology and Environment of the People's Republic of China issued the *2022 National Ecological Environment Monitoring Program* to strengthen the decision-making and deployment of new pollutants management, the Company took the lead in establishing the whole process of new pollutants environmental monitoring system, which can provide the whole-process environmental monitoring from the sample collection, preservation, transportation, testing and quality control; it has successfully obtained the certificates of satisfaction of the results of the projects of perfluorinated compounds, volatile organic compounds (VOCs) and antibiotics, and has become one of the first organizations in China to receive this certification. It now has the capability to analyze all the items on the *List of New Key Controlled Pollutants (2023 Edition)*, and has owned monitoring capabilities beyond the requirements of the list, enabling contribution to ecological environmental protection in the new era.

3. Construction engineering and industrial fields

In the construction engineering field, CTI actively responded to the impact brought about by the downturn of the real estate industry, made timely strategic adjustments and formulated adequate coping strategies, while focusing on the development opportunities brought about by the share of real estate business and commercial building materials, and continuously explored the digitization transformation and upgrading, with the quality of operations continuing to improve, and the gross profit margin being improved. Regarding industrial testing, the Company seizes market opportunities in emerging industries, keeps up with market

demand, continuously improves its own capabilities, and achieves effective allocation of outlets and capabilities. Aiming at the new track of “new energy + new grid”, CTI focuses on the key development strategy of major clients, adheres to technological innovation, customizes and carries out competitive new energy testing projects and unmanned intelligent testing technology, and has successfully developed a series of testing service capabilities, focusing on the development of a number of influential large clients in the industry. During the reporting period, testing services in fields such as petrochemicals, natural gas, wind power, photovoltaic and national power grid achieved good growth, and the non-destructive testing of ships and marine engineering equipment grew rapidly, driving industrial testing to achieve growth across the board.

4. Trade assurance field

In the trade assurance, the electronic material chemistry and reliability segment firmly grasps the market opportunities brought by emerging industries such as green environmental protection, semiconductors, new energy, and electric vehicles, strengthens the maintenance of existing markets, continuously optimizes channel layout, increases investment in new products, and continues to maintain competitive advantages in the segments, maintaining a steady growth trend during the reporting period. The port business declined year-on-year due to the decline in market demand for airport disinfection, but the impact was limited due to its small scale, and the trade security sector maintained stable development overall.

(II) Continued investment in the strategic track and creation of a second growth curve

1. Great traffic field

During the reporting period, the Company continued to increase investment in new energy vehicles, and has made phase II investment in the Guangzhou automotive laboratory and expanded the on-board electronics laboratory to further enhance and optimize production capacity and better match the client and testing needs; it has also made pipeline investment in the Shanghai Parts and Components Laboratory and increased investment in motor reliability and performance testing, so as to further enhance the capacity coverage of the automotive testing field by expanding its testing scope. During the reporting period, the Company added the recognition of automobile companies such as SAIC, Geely Automobile, Chery Automobile, and Seres, and the client recognition has basically covered all well-known automobile manufacturers, which represents the client’s full recognition of the Company’s overall strength, team technology, laboratory equipment, service quality and quality control; during the reporting period, through the signing of a strategic cooperation agreement with the General Institute of Design and Research of Shanghai Jiao Tong University and the establishment of a joint laboratory of intelligent network connection and vehicle-road collaboration, CTI made more breakthroughs in intelligent network connection and vehicle-road collaboration technology, and expanded the comprehensive engineering service capabilities of the laboratory. Thanks to the continued growth of the new energy vehicle market, the Company’s automotive electronic&electrical appliances reliability, automotive EMC, CAN/LIN Ethernet, motor/electronic control and other fields have good development trends. CTI’s acquired IMAT-UVE GMBH and automotive product line businesses have achieved effective linkage, with good synergy effects and development status. Driven by both internal growth and M&A, the entire automotive testing section performed well in 2023, achieving rapid income growth.

Regarding marine section, since the M&A of Maritec, the Company’s incomes have reached record highs. On the basis of stable development, it has continued to plan new directions for subsequent development, seizing the market opportunities brought by low-carbon technology services, and providing clients with more solutions to reduce emissions and improve the CII (carbon intensity index) through continuous innovation. During the reporting period, the “MARITEC Energy Efficiency Solutions (EEC-FEC-SP)” product line developed by the Company was awarded the Certificate of Approval of Design Principles by the China

Classification Society (CCS). The product line can further improve energy efficiency on board ships, while also providing data monitoring for direct reading and tracking of fuel consumption and shaft power data.

In the field of aviation testing, seizing the opportunity of the new track, CTI has successively set up mature laboratories and test capabilities in Shenzhen, Guangzhou, Shanghai, Suzhou, Tianjin, Wuhan, Chongqing, Chengdu, Xi'an, Shenyang and other aviation and low-altitude economy industry clusters, and is able to provide services for civil manned and unmanned aerial vehicles, such as environmental reliability tests, electromagnetic compatibility tests, hazardous substance tests, failure analysis, chemical analysis, VOC tests, strength tests of components, material performance tests, radio frequency tests, functional safety assessments and multi-national certifications. Strength test, material performance test, radio frequency test, functional safety assessment and multi-national certification, etc. It has formed a first-mover advantage in the field of aviation and low-altitude economy industry chain technical services, and will actively expand the whole life cycle testing service capacity of various types of aircrafts such as unmanned aerial vehicles and flying cars, from materials to parts and the whole aircraft, so as to build up a full range of testing and certification services. During the reporting period, the Company's aviation materials laboratory had a good development trend and achieved profitability in the first year since its establishment.

2. Chip semiconductor testing

Chip semiconductor testing has always been one of CTI's important strategic direction. In recent years, it has continued to increase investment in this field and actively improve the layout. At the end of 2022, it acquired 100% of equity in VESP Technology (Hefei) Corp. (now renamed as "CTI-VESP Technology Corp.", hereinafter referred to as "VESP") and completed the transaction. In 2023, the first year of integration of VESP into CTI, the Company fully empowered it and the integration gained good result. Regarding capital and site investment, the Company gradually increased its capital based on capital needs, and established the new Jinqiao Chip Experimental Base, which is also the largest RA/ESD professional laboratory with the most comprehensive service capability among the internal 5 chip semiconductor laboratories. In the future, it will continue to invest in expanding FA capabilities to provide one-stop solutions for semiconductor clients. Regarding operating efficiency, the Company has injected back-end resources, optimized the back-end configuration of VESP, and introduced the E-LEARNING platform to enable development; it has used equipment reservation, real-time monitoring and other means to monitor equipment utilization, thereby improving equipment utilization; introduced LEAN to be continuously improved Operational processes to improve operating efficiency; integrate IT systems to improve systematic operation levels. Regarding business integration, CTI standardized the internal business processes and landing application of VESP and internal business processes, sorted out and optimized the cooperation mode and process, served large clients together, fully analyzed and grasped the client pain points, and provided clients with solutions that fit their needs; regarding cultural integration, the introduction of CTI's culture and values yielded good results. During the reporting period, VESP significantly improved its operating efficiency after its first year of integration. With the development of China's semiconductor industry, domestic substitution has further deepened. As an important link in the semiconductor industry chain, the demand for semiconductor testing has increased. In the long run, CTI's chip testing business is expected to benefit from the overall development of the semiconductor market.

3. Metrology and digitization fields

During the reporting period, in order to better expand the national metrology and calibration business and establish the brand of CTI Metrology, the Company renamed its metrology subsidiary as CTI Metrology & Inspection Company Limited (hereinafter referred to as "CTI Metrology"), which is exempted from the administrative division of the Company. CTI Metrology is committed to strengthening its own capacity to enhance the reporting period, CNAS accreditation of 2040 new testing/calibration

projects, the addition of Shanghai, Nanjing and Jinan 3 accredited sites, 79 new measurement standards, the addition of 2 new statutory measurement and calibration institutions authorized, in further consolidating the foundation at the same time, but also expanding in the electric power, medical and other areas of testing and calibration capabilities. The Company has launched a new version of metrology LIMS system, adopting networking, micro-architecture, cloud services and other technologies to cover all metrology laboratories in China, providing full-process services including business quotation, order arrangement, inspection/calibration implementation, and certificate issuance. The new version of metrology LIMS system has the characteristics of high informatization, high security, and high management efficiency. It can use digitization signature technology to ensure the traceability security of issued certificates, and use multiple security strategies to prevent process information tampering, providing clients with more accurate and efficient services. CTI entered the marker field through the M&A of 100% equity of Xipai Technology (Nanjing) Co., Ltd., and the current integration progress is good, effectively making up for the shortcomings of its marker business and forming complementary advantages. In recent years, the competitiveness of the Company's metrology and calibration business has improved significantly and its market share has further increased, maintaining steady growth during the reporting period.

In the digitization field, following the guidance of the policy "accelerating digitization development and building a digitization China", the Company focuses on a number of digitization services, covering various fields such as government affairs, health care, finance, education, transportation and enterprises, and covering various business segments such as electronic authentication, commercial cryptography, construction of security platforms for government affairs, and software security applications. During the reporting period, the Company acquired 51% equity Anhui Fengxue Network Security Assessment Co., Ltd. to further improve its layout in the network security industry. During the reporting period, the Company's digitization business performed outstandingly and achieved rapid growth.

4. Sustainable development field

The Company has been deeply engaged in the field of sustainable development for years, providing comprehensive, one-stop services in supporting carbon neutrality and helping enterprises and organizations achieve net zero transformation. In the carbon peaking and carbon neutrality field, the Company has cumulatively completed more than 3,000 carbon emission verification reports for national carbon trading in nearly 25 provinces and cities, validated/certified emission reductions of more than 20 million tons for GHG emission reduction projects such as CDM/VCS/GS/CCER/GCC etc., more than 500 GHG verification projects at the level of organizations/products/activities, issued energy management system certification for more than 300 enterprises, and more than 30 enterprises have been awarded the certificate of government-level/corporate-level Carbon Peak Carbon Neutral Planning for more than 30 companies, evaluated more than 50 national-level green manufacturing demonstration projects. Regarding major program development, during the reporting period, the Company successively won bids for multiple carbon emission verification projects in Yunnan, Hebei, Shandong, Xinjiang, and Guangdong. This is a recognition and trust of the Company's professional technology and high-quality services, and it is also a sign of the Company's continuous promotion of low-carbon Recognition of green and sustainable development; completed the review and verification of the country's first carbon emission reduction program for electric vehicles to replace fuel vehicles, released the world's first EPD environmental product statement for calcium sulfate flooring, and released the first environmental product statement for polyvinyl alcohol fiber EPD, the first GCC program was successfully registered; and "carbon neutrality" certificates were issued to many well-known companies such as Porsche, Lenovo, Sinopec, and Hithium Energy Storage. Regarding strategic cooperation, the Company signed a strategic cooperation agreement with CDP, and became a partner of CDP's "climate change consultation" service. CDP, as an international non-profit organization, is the world's largest environmental information database, with a wide range of global influence, and this cooperation can give full play to their respective strengths and help enterprises accelerate the construction of low-carbon strategies,

and jointly build sustainable development to promote the “carbon peaking and carbon neutrality” goal; the signing of the strategic cooperation agreement between the Company and Hunan Provincial Joint Share Exchange Co., Ltd. is of positive significance in promoting the scheduled realization of the “carbon peaking and carbon neutrality” target in Hunan Province, assisting the high-quality development of industrial parks in Hunan Province, and realizing green transformation. Regarding qualification acquisition, during the reporting period, the Company gained additional qualification recognition from the International Sustainable Development and Carbon Certification Program (ISCC) Committee, becoming the official cooperative third-party certification institution of the ISCC International Sustainable Development and Carbon Certification Program and the first domestic GS full-field certification institution. The certification and verification institution is licensed by Textile Exchange and is allowed to carry out GRS & RCS product certification services. The Company has become the institution with the most comprehensive qualifications in China. Regarding standard formulation, the Company participated in the preparation of the *Talent Training Management and Evaluation Standard in Carbon Emission Reduction (T/CECA-G 0220-2023)*, formulating a scientific and standardized management basis for carbon emission reduction talent training services and filling the blank of the domestic standards on carbon emission reduction talent training management and evaluation.

Regarding ESG services, the Company has years of service experience and expertise in the fields of ESG and green finance, and has an in-depth understanding of the latest trends, regulations and standards in the fields of ESG and green finance. It can respond quickly to client needs and deliver high-quality service results on time. It can provide companies with one-stop basic services such as ESG report preparation, ESG rating, ESG strategic planning, ESG management improvement, ESG rating improvement and ESG report review. Meanwhile, it also provides financial institutions, green projects and companies with green products such as environmental disclosure, stress testing, green assessment, consultation and certification, and tailors comprehensive solutions suitable for their business models and goals according to client needs to help clients achieve sustainable development and green transformation.

During the reporting period, the Company’s carbon peaking and carbon neutrality and ESG service businesses achieved rapid growth. It will continue to deepen its roots in the field of green, low-carbon and sustainable development, and actively promote the realization of China’s “30·60” carbon peaking and carbon neutrality goal.

5. Pharma and clinical field

During the reporting period, the demand for infection-related business declined, special medical rectification actions continued to deepen, and competition in segmented tracks became fierce. The pharma and clinical section was under short-term pressure and declined overall on year-on-year basis. Although the pharma and clinical section is currently facing challenges, in the long run, as China’s aging population increases and the population base is huge, medicine are in urgent need. CTI is optimistic about the medium- and long-term development of medicine, is committed to providing clients with medical medicine full-chain service. The company will provide momentum for subsequent sustained growth by continuously ramping up investments, further improving capacity building and expanding the scope of services. During the reporting period, the Company acquired 100% equity Guangzhou Vectoring Pharmatech, LTD (hereinafter referred to as “Vectoring”) to enter the pharmaceutical CMC study, and to improve the layout of the whole chain of service capabilities, including drug synthesis, development of drug formulations and production processes, quality study, stability study, and drug registration and reporting. The Company acquired 80% equity of Guangdong Neway Quality Technology Service Co., Ltd. through acquisition and capital increase and became one of the few testing organizations in the market that can provide active and passive integrated solutions in the field of medical device testing, which further improves its layout in the medical device field. During the reporting period, the Company effectively integrated its medical device team and capabilities, increased investment to continuously improve its own capacity building, provided one-stop

solutions for the entire life cycle of medical devices, and established in-depth program cooperation relationships with many leading global companies. The overall development trend is currently good. In the medical field, Shanghai Medical Testing Laboratory has obtained the ISO 15189 accreditation certificate, marking an important step towards standardization, standardization and internationalization of its quality management system and technical capabilities. Regarding extension of businesses, the medical laboratory fully utilizes the advantages of the Company's multiple technology platforms, focuses on developing omics business, builds clinical-oriented S&T service capabilities, and undertakes the S&T service needs of universities, hospitals, and S&T institutions, thereby further promoting the stable growth of conventional business and further improving client stickiness. During the reporting period, the Kunshan Pharmaceutical Industrial Park was completed and put into operation, and in the future, pharmaceutical R&D, pre-clinical safety assessment, PD platform, PK platform, medical device solutions and other projects will be gradually landed in the Park. The Park will create a comprehensive drug service platform by developing all-round service capabilities from early-stage drug R&D, synthesis and preparation study, and pre-clinical safety evaluation of drugs to medical application. In the medical device field, the industrial park will also form comprehensive service capabilities ranging from active medical devices, passive medical devices to consumable medical devices, and possess multidisciplinary service capabilities for medical devices including materials science, chemistry, microbiology, and biological evaluation.

(III) Emphasis on lean and innovation cultures, and exploration of digitization transformation

Digital transformation and upgrading not only conforms to the trend of digitization development, but is also a necessity for CTI's international development and efficiency improvement. During the reporting period, the Company's lean and innovation cultures were fully implemented in the Group. With the goal of improving operating efficiency, it quickly extended from the corporate culture level to the daily work of various business departments, research institutes, digitization strategic development centers, information resource management, finance and other functional departments, continuously improving internal business processes, realizing technological empowerment to improve efficiency and enhance core competitiveness.

Lean management can provide simpler work flows and processes, shorten delivery cycles and improve laboratory productivity. The Company has established a lean management committee, which plans lean programs every year, formulates lean culture promotion plans and lands them. 2023 is the 2nd year of the Company's implementation of lean management. As of the end of the reporting period, we have promoted the improvement of the first phase of 10 programs, including Qingdao Foods, Harbin Foods, Shenzhen Chemistry, Suzhou Chemistry, and Shenzhen Light Industry, as well as promoting the improvement and enhancement of the second phase of a number of programs such as Shenzhen Environment, Shanghai Chemistry, Shanghai Automotive VOC, and Shenzhen Foods. The Company builds a lean talent echelon within the group by cultivating leaders, and plans to complete the promotion of all the laboratories nationwide within 5 years, and continuously builds lean laboratories to fully stimulate the potential of the staff, improving the process and improve the ability of the staff for the purpose of empowering business growth.

During the reporting period, the Company formed a working mechanism whereby the Research Institute served as a Group-wide innovation hub, and the Group President and the Group Innovation Committee jointly lead the innovation. The Group innovation Committee made decision-making and guidance in the form of a steering committee, and the Institute implemented the innovation-related work assigned by the Group and provided support to the innovation of business divisions, all of which were committed to promoting the popularization of innovative values. The Company has incorporated innovation ability into the competency items of the leadership quality model, set up individual and group innovation awards for the "Meeting of Outstanding Workers", and carried out values workshops and practice case competitions through the Climbing Camp Program to promote and publicize innovation, increase the enthusiasm of innovation proposals, and improve and innovate closer to the actual work

scenarios, optimize the work flow, and enhance the operating efficiency. At present, some laboratories in the consumer goods and food product lines have used automated robots, and the environment, consumer goods, food, construction and other business departments have introduced a variety of pre-automated processing and testing equipment to solve problems point-to-point and improve laboratory efficiency.

During the reporting period, the Company's network marketing capability was significantly strengthened, and the transaction volume of network drainage achieved rapid growth on year-on-year basis. The newly launched MYCTI client service management system, adhering to the core concept of "Client-First" and with the help of booming Internet technology, provides clients with more convenient services such as report/certificate query, report authorization, progress query of application form, and online order placement. Meanwhile, MYCTI builds a bridge of data interoperability through the medium of a unified interface platform to enhance the level of after-sales service and client adhesion, on the premise of meeting the needs of information security and data leakage prevention. Meanwhile, under the premise of meeting information security and preventing data leakage, MYCTI builds a bridge of data interoperability with a unified interface platform as a medium to enhance after-sales service level and client stickiness. During the reporting period, the Company and Huawei launched in-depth cooperation, based on the advantages of both parties in the field of third-party testing and intelligent digitization, and cooperated in the development of digitization employees to realize the "Human-Machine Collaboration" work mode, reconfigure the business process, and jointly promote digitization transformation and revolution in the third-party field. At present, digitization transformation has entered the "deep end", and the comprehensive integration of technology and business has become the main theme of change. In the future, the Company will continue to work with Huawei WeAutomate digitization robots to further explore and expand the automation needs of business scenarios and release new vitality and new momentum for digitization transformation. The Company and Kingdee have entered into a digitization strategic cooperation, which will leverage Kingdee's years of experience and technology in the application of digitization software and scientific and technological intelligence scenarios to create a new operation and management model of "One System, One Platform" for CTI, comprehensively enhance its capabilities in information sharing, business process optimization, operating efficiency and collaboration, and continuously improve the client experience and service level. Meanwhile, relying on the research and application of cloud computing and Internet of Things technologies, CTI continuously optimizes laboratory processes and efficiency, and gradually promotes the implementation of intelligent and unmanned testing laboratories to comprehensively build an intelligent and technological CTI.

(IV) Persistence of talent empowerment and improvement of incentive mechanisms

The sustainable development of an enterprise depends on the growth of the team. In order to continuously build a first-class team in the industry, enhance the leadership level of managers at all levels of the Group, and further assist in the effective achievement of the Group's strategic goals, CTI officially released the *CTI Leadership Quality Model Competency Item and Behavior Standards* and completed the leadership quality model assessment for all 201 employees at Level C5 and above. To strengthen training on all employees, the Group held a total of 168 training courses and opened 4,626 self-learning courses on the E-learning platform, with a total of 261,307 training hours for employees, of which 72,924 hours were for items, open courses and special training, 140,623 hours were for E-learning online training and 47,760 hours were for other special training. The training coverage rate reached 100%, and the per capita training hours reached 20.07. During the reporting period, external lecturers were invited to conduct a training course on the topic of *Strategic Thinking Equation* for all senior staff to assist the Group management in formulating and implementing strategies. A total of 40 senior staff participated in this training, with 16 training hours per capita and 640 training hours totally. In order to cultivate Group-wide senior reserve management talents, a total of 32 managers were invited to participate in the 5th LAP Program, with 6,016 training hours totally and 188 training hours per capita. In order to meet the rapid development needs of the organization and formulate a more targeted talent development program, the Group has

prepared for the 1-phase HAP program since December 2020, screened 19 members to participate in this training program, held the kick-off meeting of the 1-phase HAP in March 2021, and completed the training in January 2024 successfully. During in the current period, the program team regularly organized trainees and mentors to conduct reports in stages, reviewed and summarized the trainees' growth at each stage, and adjusted and confirmed future growth, ultimately cultivating excellent middle and senior core managers in various departments. In order to train Group-wide junior management, the "Climb to Win Program" trained 670 employees totally, with 22,780 training hours totally.

In order to maintain the stability of the core team and attract more outstanding talents, the Company has implemented the full performance assessment program, employee share ownership plan and equity incentive plan and other incentives to stimulate the enthusiasm of its core team, to lead the team to achieve its strategic objectives, and to lay the foundation for its efficient, high-quality and sustainable development. During the reporting period, the Company completed the share repurchase plan launched in 2022, with a total repurchased number of 3 million shares and a total transaction amount of CNY 63.5054 million. In May 2023, it once again launched a share repurchase plan to repurchase shares for equity incentives or Employee Share Ownership Plans. The number of shares to be repurchased this time was 3 million to 5 million shares. As of the end of the reporting period, it has repurchased 3.65 million shares for a repurchase amount of CNY 55.7721 million. The Company's re-launch of the repurchase plan reflects the judgment on its own value and its firm confidence in future sustainable development, safeguards the interests of investors, and is conducive to its establishment of a complete long-term incentive and restraint mechanism to improve team cohesion and competitiveness.

(V) Significant enhancement of brand influence and steady promotion of internationalization process

During the reporting period, the Company's brand influence and brand effect were significantly enhanced. The Company successfully passed the approval of the global Board of Directors of the TIC International Inspection, Testing and Certification Council (TIC Council) and confirmation by the general membership meeting, becoming a global member of the TIC International Inspection, Testing and Certification Council. Its international high-quality development was further advanced and industry influence was further enhanced. The Company took the lead in the Ministry of Science and Technology's national key R&D plan program "R&D and Application of Integrated Testing Service Platform for Emerging Industries" and successfully passed the comprehensive performance evaluation, which demonstrated its strength and influence in the industry and reflected its responsibility, not only focusing on its own interests, but also standing in the height of industry development, integration of domestic testing service resources, thus exploring a new mode of one-stop testing services and cooperation and building a bridge between the tester and the testee, in order to provide strong support for the diversified and sustainable development of the testing industry. With its outstanding performance in the field of sustainable development, the Company was awarded the AA rating by wind ESG, ranked first in the business and professional services section of A+H shares, and was honored as one of the top 100 ESG Best Practices for listed companies by wind in China for 2023. In 2023, the Company included climate change within the Board of Director's responsibilities, updated and developed the *ESG and Climate Change Management System*, and in November 2023, it published the first TCFD report. The Company was successfully selected to participate in the *S&P's Sustainability Yearbook (China Edition) 2023*, the first S&P global edition of a yearbook specific to Chinese enterprises, so that they can benchmark themselves against their local counterparts. 1,600 Chinese enterprises were covered in the 2022 Corporate Sustainability Assessment (CSA), and only 88 companies with the highest scores were selected for the Yearbook. CTI's successful selection this time fully demonstrates that its growth performance in practicing sustainable development has been recognized internationally.

During the reporting period, CTI steadily promoted internationalization, proposed a Southeast Asian development strategy, and made Singapore its overseas operations headquarter. It has established subsidiaries in countries such as Japan, South Korea and Vietnam, and will subsequently accelerate its business layout and expansion in Southeast Asia and other regions. The Company will also continue to deepen the internationalization of its ships, actively cultivate and introduce international talents, build an international sales network, promote the growth of international clients in the consumer goods section, strive to build the Company into a platform enterprise, enhance its global operating capabilities, and continuously improve its internationalization level.

2. Income and cost

(1) Operating income composition

Overall operating income

Unit: CNY

	2023		2022		Year-on-year change
	Amount	Proportion of operating income	Amount	Proportion of operating income	
Total operating incomes	5,604,624,525.83	100%	5,130,710,067.66	100%	9.24%
By industry					
Technical services	5,604,624,525.83	100.00%	5,130,710,067.66	100.00%	9.24%
By product					
Life science	2,497,268,179.56	44.56%	2,296,988,393.01	44.77%	8.72%
Industrial testing	1,091,422,743.17	19.47%	904,067,581.56	17.62%	20.72%
Consumer goods testing	979,424,453.58	17.48%	716,375,085.22	13.96%	36.72%
Trade assurance	699,615,420.45	12.48%	662,323,081.52	12.91%	5.63%
Pharma and clinical services	336,893,729.07	6.01%	550,955,926.35	10.74%	-38.85%
By region					
China	5,260,049,516.85	93.85%	4,844,012,146.17	94.41%	8.59%
Outside China	344,575,008.98	6.15%	286,697,921.49	5.59%	20.19%
By sales mode					
Direct sales	5,604,624,525.83	100.00%	5,130,710,067.66	100.00%	9.24%

(2) Industries, products, regions, and sales modes accounting for above 10% of the Company's operating income or profit

Applicable Not applicable

Unit: CNY

	Operating income	Operating cost	Gross profit margin	Year-on-year variance in operating income	Year-on-year variance in operating cost	Year-on-year variance in gross profit margin
By industry						
Technical	5,604,624,525.83	2,911,286,861.23	48.06%	9.24%	12.12%	-1.33%

services						
By product						
Life science	2,497,268,179.56	1,301,123,954.38	47.90%	8.72%	11.34%	-1.22%
Industrial testing	1,091,422,743.17	615,951,081.58	43.56%	20.72%	14.66%	2.98%
Consumer goods testing	979,424,453.58	540,959,597.97	44.77%	36.72%	46.89%	-3.82%
Trade assurance	699,615,420.45	247,820,804.57	64.58%	5.63%	9.58%	-1.27%
Pharma and clinical services	336,893,729.07	205,431,422.73	39.02%	-38.85%	-30.66%	-7.21%
By region						
China	5,260,049,516.85	2,697,209,281.99	48.72%	8.59%	10.98%	-1.11%
Outside China	344,575,008.98	214,077,579.24	37.87%	20.19%	28.88%	-4.19%
By sales mode						
Direct sales	5,604,624,525.83	2,911,286,861.23	48.06%	9.24%	12.12%	-1.33%

The Company's main business data 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 during the reporting period

Applicable Not applicable

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

Yes No

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

Applicable Not applicable

(5) Composition of operating costs

Industry category

Unit: CNY

Industry category	Item	2023		2022		Year-on-year change
		Amount	Proportion of operating costs	Amount	Proportion of operating costs	
Technical services	Salaries	1,199,403,892.35	41.20%	1,077,227,287.90	41.49%	11.34%
Technical services	Depreciation and amortization costs	382,374,868.04	13.13%	354,120,432.37	13.64%	7.98%
Technical services	Outsourcing costs	377,449,238.37	12.97%	347,145,361.09	13.37%	8.73%
Technical services	Experimental consumables	290,709,211.83	9.99%	347,120,325.04	13.37%	-16.25%
Technical services	Rent and utility costs	133,634,646.18	4.59%	108,977,774.35	4.20%	22.63%
Technical	Others	527,715,004.46	18.13%	361,883,368.11	13.94%	45.82%

services						
Total		2,911,286,861.23	100.00%	2,596,474,548.86	100.00%	12.12%

Description

None

(6) Whether the scope of consolidation changed during the reporting period Yes No

Compared with the previous period, the number of entities included in the scope of consolidated financial statements in the current period increased by 18 and decreased by 2. For detailed information on the entities with changed scope of consolidation, refer to Section 10.9 Changes in the scope of consolidation.

(7) Any significant changes or adjustments to the Company's business, products or services during the reporting period Applicable Not applicable**(8) Major sales clients and major suppliers**

The Company's main sales clients

Total sales amount of top 5 clients of the Company (CNY)	215,576,404.11
Total sales amount of top 5 clients as proportion of total annual sales amount	3.85%
Sales amount of related parties in sales amount of top 5 clients as proportion of total annual sales amount	0.00%

Information on top 5 clients of the Company

No.	Client name	Sales amount (CNY)	Proportion of total annual sales amount
1	Client 1	74,966,974.45	1.34%
2	Client 2	42,039,458.38	0.75%
3	Client 3	37,900,854.37	0.68%
4	Client 4	32,579,395.30	0.58%
5	Client 5	28,089,721.61	0.50%
Total	--	215,576,404.11	3.85%

Other descriptions of major clients

 Applicable Not applicable

The main suppliers of the Company

Total purchase amount of top 5 suppliers of the Company (CNY)	283,198,504.89
Total purchase amount of top 5 suppliers as proportion of total annual purchase amount	10.66%
Purchase amount of related parties in purchase amount of top 5 suppliers as proportion of total annual purchase amount	0.00%

Information on top 5 suppliers of the Company

No.	Supplier name	Purchase amount (CNY)	Proportion of total annual purchase amount
1	Supplier 1	86,022,497.69	3.24%
2	Supplier 2	64,008,917.62	2.41%
3	Supplier 3	63,272,613.50	2.38%
4	Supplier 4	36,480,046.16	1.37%
5	Supplier 5	33,414,429.92	1.26%
Total	--	283,198,504.89	10.66%

Other information on major suppliers

Applicable Not applicable

3. Cost

Unit: CNY

	2023	2022	Year-on-year change	Description of major changes
Cost of sales	960,781,075.35	855,140,112.56	12.35%	
General and administrative expenses	343,585,672.73	305,999,539.43	12.28%	
Financial expenses	-748,744.92	-10,828,394.27	93.09%	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	472,621,671.34	434,964,770.22	8.66%	

4. R&D investments

Applicable Not applicable

Name of main R&D programs	Program purpose	Program progress	Goal to be achieved	Expected impact on the Company's future development
Test equipment for universal chip failure analysis	To provide a kind of test equipment that can be widely applied to the failure analysis of chips of various package structures, and through the synergistic	Invention patent 201510919858.2 granted	To apply for a patent and get licensed	Improved core competitiveness of the Company in the chip testing field

	cooperation of each component of the test fixture, it can test different chips, greatly shorten the development time of the test equipment and reduce the development cost of the equipment			
Test equipment for automotive materials to simulate sunlight exposure	To provide a new artificial light source test equipment capable of simulating sunlight, and solve the problem that the sample is not easy to fix by improving the structure of the test chamber; The bottom of the placement slot is then set to a perforated structure to further facilitate double-sided testing of the sample, and ultimately test equipment for simulating sunlight exposure to automotive materials with good repeatability is obtained	Invention patent 201510918530.9 granted	To apply for a patent and get licensed	Enhanced core competitiveness of the Company in the field of automotive material aging testing
A portable particle cutter quick calibration device and its calibration method	To provide a portable particle cutter quick calibration device and its calibration method; By using the principle of interlocking the mixing chamber and the sample chamber and optimizing the structural layout of each component, on the one hand, the limited space is used to achieve more functions, on the other hand, the unnecessary pipeline valves and power sources are omitted in principle while maintaining the same function, making the whole calibration device more compact	Invention patent 201711193466.8 granted	To apply for a patent and get licensed	Enhanced Company's testing efficiency and capabilities in the field of atmospheric particle concentration testing

	and lightweight; Combined with the real-time testing function of the beta ray test module, the existing test follow-up processing process that needs to be completed by “gravimetric method” is simplified; In addition, how to build an automatic control system and data analysis system suitable for the above devices is studied to realize the automatic operation of the whole test process, and the test results are automatically calculated and compared through the internal program			
Testing device for food microorganisms	To provide a testing device for food microorganisms; The device includes a crystal oscillator device and a simulated sunlight device; The purpose is to simply soak or coat the culture medium with sample solution, and then conduct microbial testing under aerobic, anaerobic, and simulated sunlight conditions, thereby shortening the culture time and improving testing accuracy	Invention patent201711437357.6 granted	To apply for a patent and get licensed	Enhanced core competitiveness of the Company in the field of food microbiology testing
A surface-enhanced Raman scattering substrate and a method for manufacturing the same	To provide a surface-enhanced Raman scattering substrate and its manufacturing method; Taking advantage of the good flexibility and relatively low cost of melamine sponge, the melamine sponge is cleaned and dried and used as a surface-	Invention patent 202110418787.3 granted	To apply for a patent and get licensed	Reduced the CTI's cost using Raman scattering technology for related testing

	<p>enhanced Raman scattering substrate, effectively reducing the production cost of the surface-enhanced Raman scattering substrate; Meanwhile, the porous adsorption structure of the melamine sponge is used to adsorb more nanogold water for easy testing; N hybrid rings that are beneficial to supporting gold nanoparticles;</p> <p>Therefore, after gold nanoparticles are used as enhanced Raman scattering active materials, the gold nanoparticles can be attached to the melamine sponge substrate through soaking and adsorption; The surface-enhanced Raman scattering substrate is formed, thereby simplifying the manufacturing process of the surface-enhanced Raman scattering substrate, further reducing the manufacturing cost, and facilitating commercial mass production</p>			
<p>A testing device and assay for allergens in cosmetics</p>	<p>To provide a testing device and a assay for allergens in cosmetics; Through the cooperation of the moving component, the sampling component and the solvent adding component, the cosmetic sample can be ground into powder, added with solvent, and shaken at the same time, quickly completing the mixing</p>	<p>Invention patent 202211577237.7 granted</p>	<p>To apply for a patent and get licensed</p>	<p>Enhanced core competitiveness of the Company in the field of cosmetics testing</p>

	of the cosmetic sample solvent, reducing a large number of manual operations, and improving the allergens in cosmetics; The degree of automation in sampling reduces the difficulty of testing for operators			
A primer design method, equipment and readable storage medium	To provide a primer design method, device, equipment and readable storage medium; The target primer pool obtained by the primer design method includes target mutant-type primers as well as target wild-type primers; Since the mutant primers are determined based on the hotspot mutation information of the target gene in the target gene database, the addition of target mutant primers can specifically bind to the mutated gene fragments during the gene capture process, achieve targeted capture of low-frequency mutations, improve sensitivity and specificity, and thereby improve capture efficiency, reduce sample sequencing depth, and effectively save sequencing costs	Invention patent 202310034710.5 granted	To apply for a patent and get licensed	Enhanced core competitiveness of the Company in the field of genetic testing
A method and device for testing mutations in tumor-related gene systems based on high-throughput sequencing and a Gaussian mixture model	To provide a method and device for testing mutations in a tumor-related gene system based on high-throughput sequencing and a Gaussian mixture model; By optimizing the classification algorithm for tumor systemic mutation testing and the entire	Invention patent 202310927931.5 granted	To apply for a patent and get licensed	Enhanced core competitiveness of the Company in the field of genetic testing

	<p>mutation analysis process, a Gaussian mixture model is introduced to classify mutation sites; Combined with public population mutation frequency database annotations and numerical statistics, it is possible to distinguish between systemic and germline mutations without the need for control samples, and reduce false positives during systemic mutation testing, thereby improving the specificity and sensitivity of the test results</p>			
Calibration device for ultrasonic phased array detector	<p>To provide a calibration device for ultrasonic phased array detector; The testing probe is driven by a linear guide to move linearly in the horizontal direction on the comparison test block with a constant pressure; The testing probe is not prone to deflection and swing during the movement; The pressure value between the testing probe and the comparison test block can be adaptively adjusted by adjusting the nut, which effectively improves the calibration accuracy of the ultrasonic phased array detector</p>	Utility model patent 202320850075.3 granted	To apply for a patent and get licensed	Enhanced core competitiveness of the Company in the field of industrial non-destructive testing
Auxiliary device for preparation of benzene series standard substances	<p>To provide an auxiliary device for preparation of benzene series standard substances; The invention solves the problem that in the</p>	Utility model patent 202320927549.X granted	To apply for a patent and get licensed	Enhanced Company's technical capabilities in the field of standard substance preparation

	<p>current preparation process of benzene series standard substances, the relatively long length of the general glass tube makes it inconvenient to operate the syringe, and the syringe is easily contacted with the inner wall of the glass tube to cause syringe contamination; In addition, in the process of the syringe directly penetrating the glass wool and coconut shell activated carbon, it is also easy to cause the syringe to be blocked or part of the carbon disulfide solution to remain in the glass wool, thereby affecting the production effect of the benzene series standard substances, so as to ensure the preparation effect of the benzene series standard substances</p>			
Photographic device	<p>To provide a photographic device; Through synergistic cooperation of the components within the photographic device, the ability of the photographic device to analyze the different visual angles of the sample is enhanced, which solves the problem of frequent replacement of the light source or movement of the sample, which affects the detection efficiency, in the current process of photographing and collecting samples for different types of</p>	<p>Utility model patent202320996330.5 granted</p>	<p>To apply for a patent and get licensed</p>	<p>Enhanced Company's technical strength in the field of electronic component appearance testing and testing efficiency</p>

	samples or for different features of the same type of samples			
Microbial test liquid injection device	To provide a microbial test liquid injection device; It solves the problem that the existing liquid injection equipment requires the operator to manually pull open the self-sealing strip of the sterile sampling bag to open the sterile sampling bag, and needs to hold the sterile sampling bag to fix it in order to add auxiliary solution, which can easily cause the sterile sampling bag to be contaminated; By designing an automated liquid injection device and an automatic sterile bag opening device, the risk of contamination of sterile sampling bags is greatly reduced and the accuracy of microbial testing is ensured	Utility model patent 202321810166.0 granted	To apply for a patent and get licensed	Enhanced Company's technical strength in microbial testing and the accuracy of microbial testing
Meat and meat products — Determination of moisture content — Reference method	To provide two reference methods for the determination of moisture content of meat and meat products: Direct drying and distillation methods; These two methods are respectively suitable for meat and meat products with different volatile substance contents to ensure the accuracy and reliability of moisture determination	International standards published	To enhance the influence of CTI in international standards	Helping the Company establish a professional image in the international market and enhance its competitiveness in the global food testing field
Eggs and egg products — Determination of fipronil and metabolites residues — Liquid chromatography	To develop an international method for the testing of fipronil residues in eggs and egg products,	International standards published	To enhance the influence of CTI in international standards	Promoted development of internationalization process and enhanced reputation in the field of international food

tandem mass spectrometry method	specifying a liquid chromatography-tandem mass spectrometry (LC-MS/MS) method for the determination of residues of fipronil and its metabolites in eggs and their products			safety testing
Safety technical specification for cutting, grinding and finishing equipment for casting cleaning of foundry machinery	To ensure the safe use of foundry machinery and equipment, defining relevant terms and definitions for cutting, grinding and finishing equipment for casting cleaning, specifying safety requirements and risk reduction measures for the equipment, describing verification methods and usage information	National standards published	To enhance the influence of CTI in the field of mechanical safety and promote the standardization and healthy development of the industry	Improved safety standards of the Company in the field of industrial testing and enhance client trust
Water treatment agent analysis method - Part 2: Determination of arsenic, mercury, cadmium, chromium, lead, nickel and copper content Inductively coupled plasma mass spectrometry (ICP-MS)	To provide an accurate method for testing the content of heavy metals in water treatment agents, and describes the use of inductively coupled plasma mass spectrometry (ICP-MS) to determine the contents of arsenic, mercury, cadmium, chromium, lead, nickel, and copper in water treatment agents	National standards published	To enhance CTI's influence in the field of water treatment agents, further improve the accuracy and reliability of testing services, and enhance client trust and satisfaction in the Company's services	Enhanced technical capabilities of the Company in the field of environmental monitoring and improved service quality
Requirements for limiting over-packaging of goods - fresh agricultural products	To clarify the technical indicators and judgment methods for over-packaging of fresh agricultural products (such as vegetables, fruits, liveshare and poultry meat, aquatic products and eggs), reduce over-packaging, and set packaging void ratios, layer limits and cost ratios	National standards published	To enhance the influence of China Testing in the field of food safety and quality and promote the standardization and healthy development of the industry	Provided a new service area for the Company, i.e. the compliance of fresh agricultural products testing
Guidelines for the phased implementation	To guide enterprises in the effective	National standards published	To enhance the influence of CTI in the	Encouraged adoption of more efficient

of energy management systems	implementation of an energy management system, provide organizations with guidelines for implementing an energy management system using a phased approach to support and simplify implementation for all types of organizations (especially small- and medium-sized enterprises), including guidelines for the use of the 12 core elements and their 4 levels of maturity		field of energy management and promote the standardization and healthy development of the industry	methods by the Company in energy monitoring and management services to enhance competitiveness
General technical specifications for sand mold casting 3D printing equipment	To standardize the technical requirements for sand mold casting 3D printing equipment (including design, manufacturing and acceptance) that are applicable to digitization casting equipment using the binder injection process to manufacture sand molds (cores)	National standards published	To enhance CTI's influence in the field of 3D printing, maintain its technological leadership in the industry, and enhance its competitiveness in the domestic market	Improved professional level of the Company in the field of emerging technology testing and expanded business scope
Cocoa powder quality requirements	To ensure the quality standards of cocoa powder products, specifying the product classification, raw materials, technical requirements, check methods, inspection rules, judgment rules, labels and signs, packaging, storage, transportation and other quality requirements for cocoa powder, which is applicable to the production and testing of cocoa powder	National standards published	To enhance the influence of CTI in the field of food safety and quality	Enhanced professional capabilities of the Company in the field of food testing and improved client satisfaction
Method for the determination of primary aromatic amines in art supplies	To test the content of hazardous substances in art supplies, describing the method for the determination	National standards published	To enhance CTI's influence in the field of art supplies, further improve the accuracy and reliability of	Enhanced technical level of the Company in the field of consumer goods safety testing and market

	of primary aromatic amines that may be present in art supplies, including reductive decomposition of the sample, extraction on a liquid-liquid partition column, concentration and quantification, and determination by gas chromatography-mass spectrometry (GC/MSD) or high performance liquid chromatography-diode array detector (HPLC/DAD)		testing services, and enhance client trust and satisfaction in the Company's services	competitiveness
Conformity assessment - Guidelines for verification during equipment measurement	To provide a standard method for the interim verification of measuring equipment and give general requirements, methods, result judgment and processing suggestions for the interim verification of measuring equipment, which is applicable to the interim verification activities of measuring equipment implemented by institutions	National standards published	To enhance the influence of CTI in the field of conformity assessment and promote the standardization and healthy development of the industry	Enhanced accuracy and reliability of the Company's instrument and equipment testing and calibration services
Electronic special gas - nitric oxide	To specify the technical requirements, sampling, test methods, inspection rules, marking, packaging, transportation, storage and safety information requirements for nitric oxide used in the manufacture of electronic industry	National standards published	To enhance the influence of CTI in the field of electronic special gases	Enhanced expertise in specialty gas testing of the Company to meet the needs of high-tech industries
Non-destructive testing instruments - Performance and inspection of phased array ultrasound equipment - Part 2: Probe	To ensure the performance and quality of phased array ultrasonic equipment probes, specifying performance test methods and acceptance criteria, which is applicable to phased array probes	National standards published	To encourage the Company to continue technological innovation and enhance CTI's influence in the field of non-destructive testing	Enhanced technical level of the Company in the field of non-destructive testing and service quality

	using the contact method (with or without wedges) or the liquid immersion method in non-destructive testing			
R&D of BIB board transportation and storage device	BIB board transportation and storage device is a very important aspect in the electronics manufacturing industry to ensure their safety and integrity during transportation and storage, so as to withstand adverse conditions and operate stably for a long period of time to avoid failure; This program aims to develop a BIB board transportation and storage device to solve friction problems, protect BIB boards from static electricity, and achieve more comprehensive static electricity control and safety protection	Study results achieved	To use program results to protect ICs from static interference and fire risks and extend their lifespan	Improved service quality of the Company in the field of chip testing
Pharmacological study on epinephrine hydrochloride injection	Phenylephrine hydrochloride is an α -adrenergic receptor agonist, and the related original drug has not been launched in the domestic market; Only two companies in China have this type of injection on the market for sale, but the market demand is relatively large; The purpose of this program is to select appropriate reference preparations for product formulation and process study	Study results achieved	To complete the formulation process study and pilot study of the phenylephrine hydrochloride injection product	Enriched types of the Company's first aid products and enhanced overall competitiveness of the Company in the field of first aid medicines
Development of synthetic process route for betamethasone sodium phosphate	The synthesis of betamethasone sodium phosphate is less reported in the relevant literature, and the routes in the existing	Study results achieved	To develop new synthesis processes, as well as desalination, crystallization, and drying methods, and obtain drug substances	Provided the Company with technical reserves for raw materials and laid the foundation in the field of maternal and infant medicines

	methods are complicated, with lower yields and higher detectable levels of related substances; In this program, the synthetic process route was re-assessed and a new synthetic route was developed		with qualified substances and solution clarity	
CTI intelligent client service system based on GPT	Intelligent client service is an automated client service platform that uses technologies such as artificial intelligence and natural language processing to answer client questions more autonomously and intelligently; The main purpose of this program is to develop an intelligent client service system based on Azure OpenAI and Azure cloud platform	Study results achieved	To provide users with real-time, accurate, and all-weather consulting services, improve service efficiency and accuracy, thus optimizing client experience	Improved brand image and client satisfaction of the Company and enhanced industry competitiveness
Development of multi-channel calibration solution for dew point meters	Dew point is one of the ways to express the absolute humidity of gas; Dew point analyzer is an instrument that measures the absolute moisture content in gas based on this unit system; Many industries such as petrochemical, electric power, electronic&electrical appliances, aviation, metallurgy, textile; have increasingly higher requirements for the calibration of dew point analyzers; This program is a multi-channel calibration solution developed to meet client needs	Study results achieved	To improve the calibration efficiency and accuracy of dew point meters to meet the needs of clients in different industries	Improved technical level and service quality of the Company in the field of calibration and client satisfaction
Study on the influence factors of natural resonance frequency of battery pack at different temperatures	Along with the rapid development of the new energy vehicle industry, technical difficulties have begun	Study results achieved	To effectively extend the service life of the battery pack and reduce the rate of automobile safety	Improved the Company's overall technical level in this field and provided better services to

	to emerge, one of which is the reliability of the power battery in different environments and in different regions of the vehicle operation will lead to different degrees of impact on the service life of the battery and the safety of the driver; This program aims to study the changes in the natural frequency of battery packs under different ambient temperatures, and to support the design and safety of battery installation components in automobiles from a reliability perspective		accidents by avoiding natural frequencies	domestic and foreign automobile companies
HT-FAST leading intelligent prediction software platform development	With the advancement of AI technology, the efficiency of various industries is increasing year by year; This program aims to develop a reliable prediction model for rapid sensory evaluation of cosmetics and daily chemical products through the combination of big data and AI	Study results achieved	To effectively shorten the R&D cycle and increase client stickiness	Enhanced technical level in product sensory evaluation and expanded service categories of the Company
ELN system development and application study	ELN system is an important step in the laboratory's paperless, information-based, The most important software support platform in the digitization transformation process; This program aims to develop a paperless original record processing system that interfaces with the LIMS system	Study results achieved	To eliminate handwriting entry errors, facilitate data traceability and improve efficiency	Enhanced informatization and digitization levels of the Company
Application of Arrhenius equation in the calculation of	The performance and service life of organic polymer materials are	Study results achieved	To predict the service life of thermoplastic rubber through data	Improved technical level in materials of the Company, consolidated

thermoplastic rubber life	of great economic significance; This program aims to develop a lifespan assessment model for thermoplastic rubber using the Arrhenius equation		acquisition, mathematical modeling and computer simulation	brand effect, and enhanced market competitiveness
Study on a test method for safety assessment of marine corals	The environmental safety assessment of chemicals, pesticides and cosmetics on aquatic organisms has been of wide concern, but at present the domestic assessment of these substances is limited to freshwater aquatic organisms, and their toxicity to marine organisms is unknown; As the most diverse and vulnerable organisms in the ocean, coral reef systems are one of the first ecosystems likely to be threatened; This program aims to develop a test method for the toxicity of sunscreen products to marine organisms, especially marine corals, in order to evaluate the impact of the products on the coral ecosystem after entering the marine environment, so as to reduce the entry of harmful products into the market	Study results achieved	To expand the cosmetics evaluation system and protect the ecological environment	Improved technical level of the Company in the field of cosmetic toxicity assessment
SML algorithm in scRNA-seq cell classification and annotation	The scRNA-seq data itself is characterized by high dimensionality and high noise; Existing bioinformatics analysis is more likely to use unsupervised machine learning methods to downscale and cluster the data, and then perform downstream analyses at	Study results achieved	To develop software or tools with supervised machine learning models for scRNA-seq cell type annotation	Improved core competitiveness of the Company in bioinformatics analysis and promoted progress in the life science and medical industries

	the level of cellular and molecular mechanisms, and the annotation of the cells after clustering is one of the challenges; This program aims to develop new computational methods to solve the difficult problem of cell type annotation			
Development of a quantitative assay for advanced glycation end products (AGEs) in plasma	Advanced glycation end products (AGEs) are biomarkers that can reflect abnormal glucose metabolism in cells and tissues; Quantitative testing of AGEs can improve the accuracy of early diagnosis of diseases, thereby achieving early intervention and treatment; This program aims to develop a quantitative assay for AGEs	Study results achieved	To improve the accuracy of early diagnosis of diseases and provide an important theoretical basis in fields such as personalized treatment and new drug development	Help improve the Company's technical level in the field of medical testing and promote technological innovation, and safeguard people's health
Study on the impact of hair damage status on hair performance and product effects	With the growth of China's hair care market, consumers are paying more and more attention to the efficacy and safety of hair products; This program investigates the correlation between different types and degrees of hair damage and basic hair properties and their impact on product effects, and develops applicable test methods to improve product effectiveness	Study results achieved	To reduce the impact of external factors on product effects and provide support for method gaps in industry product development programs	Improved technical level of the Company in this field and service quality to clients, and gained technical recognition from clients
Development of pathogenic macro-genomic tNGS assay	Infectious diseases are mainly caused by pathogens invading the host; The treatment of infectious diseases often relies on broad-spectrum antibiotics; Only by using test methods to identify	Study results achieved	This method is cost-effective, customizable, and can be applied to multiple scenarios to facilitate precision medicine	Improved product development capability of the Company in the field of biological testing, expanded market share in the field of pathogen testing products, and increased visibility and

	<p>pathogenic bacteria can antibiotics be used rationally; Therefore, pathogen testing technology will be a key development direction in the field of infectious disease study; This program aims to develop a pathogen metagenomic tNGS assay to improve test sensitivity and shorten test time</p>			influence in the genetic testing industry
Development of an assay for residual MRD in small lesions	<p>Minimal residual disease (MRD) testing is based on the testing of circulating tumor DNA (ctDNA) in blood samples; It can assist clinicians in evaluating patients' treatment effects, disease progression, and adjusting diagnosis and treatment plans; This program investigates MRD testing based on ctDNA, which is mainly used for postoperative recurrence monitoring of pan-tumor and providing clinical guidance reference</p>	Study results achieved	<p>To enhance the service capability for cancer patients by using R&D and application of ctDNA-based tumor marker testing technology in the field of high-sensitivity liquid biopsy</p>	Expanded technical capabilities of the Company in this field, promoted development of precision tumor treatment, and served construction of a healthy China
R&D and application of integrated testing service platform for emerging industries	<p>Based on the "integration of service scientific theory and key technical achievements", the program focuses on new materials, new energy, energy saving, environmental protection and other key areas, for the design and development of important equipment, products and key parts and components, manufacturing, operation and maintenance services</p>	Comprehensive performance evaluation passed	<p>To utilize the one-stop testing service collaboration platform developed by the program, carry out service applications and explore new models of one-stop testing services and systems</p>	Created a public service platform for the testing industry and improved the industry's online service level

	<p>throughout the process of inspection, certification, calibration and other services, research and integration of testing service model, the development of integrated testing services, resource management, service quality control, service credit evaluation standards; research and integration of testing service discovery, service integration, service call, service evaluation and other synergistic technologies, research to support important equipment, products and key parts and components of safe and reliable operation monitoring and testing and assessment technology and other common key service technologies; integration of national testing service resources, R&D of one-stop testing services synergistic platform and demonstration and promotion</p>			
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R&D professionals in the Company

	2023	2022	Variance proportion
Number of R&D professionals (person)	1,948	1,602	21.60%
Proportion of number of R&D professionals	14.96%	13.15%	1.81%
R&D professionals' education background			
Bachelor's degree	1,189	930	27.85%
Master's degree	212	208	1.92%
Other	547	464	17.89%
Composition of R&D professionals by age			
Below 30	816	677	20.53%
30-40	982	668	47.01%

Above 40	150	257	-41.63%
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R&D investment by the Company in the past three years and its proportion to operating income

	2023	2022	2021
Amount of R&D investment (CNY)	472,621,671.34	434,964,770.22	375,974,472.79
R&D investment as proportion of operating income	8.43%	8.48%	8.68%
Amount of capitalized R&D expenditures (CNY)	0.00	0.00	0.00
Capitalized R&D expenditures as proportion of R&D investment	0.00%	0.00%	0.00%
Capitalized R&D expenditures as proportion of current net profit	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: CNY

Item	2023	2022	Year-on-year change
Subtotal of cash inflows from operating activities	5,889,184,599.99	5,200,890,775.11	13.23%
Subtotal of cash outflows from operating activities	4,766,789,843.12	4,100,442,675.12	16.25%
Net cash flows from operating activities	1,122,394,756.87	1,100,448,099.99	1.99%
Net cash flow from operating activities	567,527,946.06	580,578,930.56	-2.25%
Subtotal of cash outflows from investment activities	1,412,080,306.02	1,277,058,608.03	10.57%
Net cash flows from investing activities	-844,552,359.96	-696,479,677.47	-21.26%
Subtotal of cash inflows from financing activities	17,842,685.84	317,439,965.49	-94.38%
Subtotal of cash outflows from financing activities	445,690,884.74	297,223,264.17	49.95%
Net cash flows from financing activities	-427,848,198.90	20,216,701.32	-2,216.31%

Net increase in cash and cash equivalents	-149,679,991.32	433,459,577.32	-134.53%
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Description of main influencing factors of year-on-year significant changes in relevant data

Applicable Not applicable

[Subtotal of cash inflows from financing activities]: It shows a year-on-year decrease of 94.38%, mainly due to the decrease in the capital increase received from minority shareholders in the current period compared with the same period last year.

[Subtotal of cash outflows from financing activities]: It shows a year-on-year increase of 49.95%, mainly due to the increase in equity repurchase payments, lease payments and liability repayments in the current period compared with the same period last year.

[Net cash flows from financing activities]: It shows a year-on-year decrease of 2216.31%, mainly due to changes in cash inflows and outflows from the above-mentioned financing activities during the reporting period.

[Net increase in cash and cash equivalents]: It shows a year-on-year decrease of 134.53%, mainly due to changes in the above-mentioned operating, investment and financing activities during the reporting period.

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 businesses

Applicable Not applicable

	Amount	Proportion of total profit	Cause	Sustainability
Investment income	71,152,843.60	7.04%	Mainly due to the increase in investment income generated from disposal of other non-current financial assets in the current period	No
Gain or loss from changes in fair value	14,989,282.10	1.48%	Mainly due to the increase in fair value changes of other non-current financial assets in the current period	No
Asset impairment	-9,715,938.37	-0.96%	Mainly due to the impact of impairment losses on contract assets	No
Non-operating income	10,726,885.97	1.06%	Mainly due to the increase in incidental income in the current period	No
Non-operating expenditure	6,912,589.78	0.68%	Mainly due to the increase in losses from scrapping of non-	No

			current assets in the current period	
Asset disposal income	1,827,122.56	0.18%	Mainly due to the increase in income from asset disposal due to the retiring office space	No

VI. Analysis of assets and liabilities

1. Major changes in asset composition

Unit: CNY

	End of 2023		Beginning of 2023		Increase or decrease proportion	Description of major changes
	Amount	Proportion of total assets	Amount	Proportion of total assets		
Monetary funds	1,450,683,775.30	16.58%	1,601,569,785.65	20.45%	-3.87%	
Accounts receivable	1,585,859,420.53	18.13%	1,388,835,385.86	17.73%	0.40%	
Contract assets	182,590,697.23	2.09%	143,800,353.61	1.84%	0.25%	Mainly due to the increase in completed but unsettled receivables compared with the beginning of the year
Inventories	98,620,856.31	1.13%	97,332,127.76	1.24%	-0.11%	
Investment real estate	31,516,324.02	0.36%	31,827,881.29	0.41%	-0.05%	
Long-term equity investments	336,105,175.17	3.84%	244,148,400.10	3.12%	0.72%	Mainly due to the new investment in associated businesses in the current period
Fixed assets	2,424,113,735.05	27.71%	1,725,607,152.39	22.03%	5.68%	Mainly due to the conversion of infrastructure under construction into fixed assets in the current period
Construction in progress	213,857,614.03	2.44%	468,579,870.53	5.98%	-3.54%	Mainly due to the conversion of infrastructure under

						construction into fixed assets in the current period
Right-of-use assets	345,336,380.41	3.95%	307,081,157.36	3.92%	0.03%	
Short-term borrowings	7,604,012.07	0.09%	2,002,750.00	0.03%	0.06%	Mainly due to the increase in short-term loans in the current period
Contract liabilities	100,802,137.29	1.15%	128,957,989.41	1.65%	-0.50%	
Long-term borrowings	7,293,781.33	0.08%	4,106,411.82	0.05%	0.03%	Mainly due to the increase in long-term loans in the current period
Lease liabilities	260,007,551.47	2.97%	229,367,377.28	2.93%	0.04%	
Deferred tax assets	172,173,890.27	1.97%	131,365,673.93	1.68%	0.29%	Mainly due to the increase in deductible temporary differences in the current period
Goodwill	805,193,019.25	9.20%	613,319,550.86	7.83%	1.37%	Mainly due to the goodwill generated by the newly M&A companies in the current period
Treasury share	119,295,717.30	1.36%	35,491,855.22	0.45%	0.91%	Mainly due to the Company's repurchase of shares in the current period

Overseas assets account for a high proportion

Applicable Not applicable

2. Assets and liabilities measured in fair value

Applicable Not applicable

Unit: CNY

Item	Amount at the beginning of the current period	Gain or loss from changes in fair value in the current period	Accumulated changes in fair value recognize	Impairment accrued in the current period	Purchase amount in the current period	Sales amount in the current period	Other changes	Amount at the end of the current period

	period		d	in				
			equity					
Financial assets								
5. Other non-current financial assets	41,285,037.12	15,074,161.04				15,041,673.37		41,317,524.79
Total	41,285,037.12	15,074,161.04				15,041,673.37		41,317,524.79
Financial liabilities	1,900,000.00	-84,878.94				-84,878.94		1,900,000.00

Other changes

None

Whether there are significant changes in the metrology attributes of the Company's main assets during the reporting period

Yes No

3、Asset rights restrictions as of the end of the reporting period

Unit: CNY

Item	Amount	Reasons for restriction
Monetary funds	25,705,810.84	Bid bond, performance bond, advance payment bond, quality bond, others

VII. Analysis of investment status

1. General situation

Applicable Not applicable

2. Major equity investments acquired during the reporting period

Applicable Not applicable

3. Major non-equity investments ongoing during the reporting period

Applicable Not applicable

4. Financial asset investment

(1) Securities investment

Applicable Not applicable

The Company had no securities investment during the reporting period.

(2) Derivatives investment

Applicable Not applicable

The Company had no derivative investment during the reporting period.

5. Use of raised funds

Applicable Not applicable

The Company did not use any raised funds during the reporting period.

VIII. Sales of major assets and equities**1. Sale of major assets**

Applicable Not applicable

The Company did not sell any major assets during the reporting period.

2. Sales of major equities

Applicable Not applicable

IX. Analysis of major holding and participating companies

Applicable Not applicable

Major subsidiaries and equity companies that have an impact on the Company's net profit of more than 10%

Unit: CNY

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Shanghai CTI Pinbiao Testing Technology Co., Ltd.	Subsidiary	Provision of testing services	30,868,981.00	326,638,732.97	167,309,624.31	487,808,223.03	147,754,089.42	130,324,188.75

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Company name	Methods of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operation and performance
Centre Testing International Metrology Testing (Jinan) Co., Ltd.	Newly established	No significant impact
Shenzhen Huacheng Kangda Investment Partnership (Limited Partnership)	Asset acquisition	No significant impact
Guangzhou Vectoring Pharmatech Co., Ltd.	Business combination not under common control	No significant impact
Shanghai CTI Zhi'an Outpatient Department Co., Ltd.	Newly established	No significant impact
Guangdong Neway Quality Technology Service Co., Ltd.	Business combination not under common control	No significant impact

Shaanxi Huabang Testing Service Co., Ltd.	Business combination not under common control	No significant impact
Shaanxi Huabang Environmental Damage Forensic Appraisal Center	Business combination not under common control	No significant impact
CTI VESP Testing Technology Co., Ltd.	Business combination not under common control	No significant impact
Global Future Investment Limited	Business combination not under common control	No significant impact
Huazheng Technology Co., Ltd.	Business combination not under common control	No significant impact
CTI VESP Testing Technology (Shenzhen) Co., Ltd.	Newly established	No significant impact
CTI VESP Testing Technology (Shanghai) Co., Ltd.	Newly established	No significant impact
Xipai Technology (Nanjing) Co., Ltd.	Business combination not under common control	No significant impact
Centre Testing International (Holdings) Pte Ltd.	Newly established	No significant impact
Centre Testing International (Japan) Co., Ltd	Newly established	No significant impact
CTI Fengxue Testing Technology Co., Ltd.	Business combination not under common control	No significant impact
Hefei CTI Fengxue Enterprise Management Partnership (Limited Partnership)	Newly established	No significant impact
CTI Medical Device Technology Service (Shenzhen) Co., Ltd.	Newly established	No significant impact
CTI Special Equipment Testing (Beijing) Co., Ltd.	Disposal	No significant impact
Shanghai CTI Aiyuan Biotechnology Co., Ltd.	Disposal	No significant impact

Description of major holding and participating companies

Shanghai CTI Pinbiao Testing Technology Co., Ltd. is a wholly-owned subsidiary of CTI. Business scope; licensed items: testing services; import and export of goods; import and export of technology; inspection and assessment of imported and exported goods; certification services. (For items subject to approval according to law, business activities can only be carried out after approval by relevant departments, and specific items subject to approval documents or licenses of relevant departments should prevail); general items: technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; laboratory testing technology and information consulting services; R&D of electronic special materials; environmental protection testing; environmental protection consulting services; power grids, information systems, electromagnetic radiation control technology development; measurement services. (Except for items that require approval according to law, business activities can be carried out independently in accordance with the law with a business license).

X. Structural entities controlled by the Company

Applicable Not applicable

XI. Prospects for the Company's future development

(I) The Company's future development strategy

As the Chinese economy is facing deep structural adjustments that is, the 4th industrial revolution technology characterized by intelligence is reshaping business logic, the testing industry is facing unprecedented development opportunities and challenges. The Company will respond to future uncertainties with strategic certainty, safeguard its basic operations, implement lean management and guard against risks; prudently select niche segments and focus on quality sustainable growth; embrace development opportunities brought by major trends and new technologies and strengthen innovation leadership; adhere to an international development strategy and enhance international competitiveness, and strive to build the Company into the most international Chinese TIC organization and the international TIC organization that best understands the Chinese market.

1. Adhere to strategic investment and focus on value tracks

Competition among different market segments in the testing industry is quite different. When the external environment faces uncertainty, structural growth will be greater than cyclical growth. In the future, the Company will further strengthen strategic deployment, analyze the market environment and trends, scientifically and prudently judge the survival, growth and development subdivision tracks, rationally allocate resources, strengthen risk management and control in the survival track, enhance the competitive advantage of the growth track, and will be more We will devote more resources to the development track and continuously and effectively create new business growth points.

2. Deepen lean management and improve operating efficiency

Intensification has become an inevitable trend in China's testing industry, and the main competitiveness of testing institutions comes from operating efficiency. As a pioneer and leader in domestic third-party testing and certification services, lean management is an important means for the Company to achieve high-quality development. Lean has become the Company's core value. The Company will continue to deepen lean management, promote the implementation of lean culture, continuously improve per capita efficiency and operating efficiency, and improve the Company's profit margin.

3. Enhance international competitiveness and implement overseas expansion strategy

The Company's long-term strategic goal is to become a Chinese testing institution with international competitiveness. The Company has continuously expanded its overseas service network through self-construction and M&A, and has established more than 250 branches and laboratories in more than 90 cities worldwide, becoming a "pioneer" in the overseas expansion of Chinese TIC institutions. In recent years, the Company's internal management and team building capabilities have been rapidly improved, with the ability to further expand the internationalization of the Company will accelerate the internationalization of the strategic layout, the first step is to invest in M&A and domestic synergies with the more significant subject, to enhance the ability to serve global clients; the second step is to build a global service network and capabilities. Meanwhile, the Company strives to cultivate and introduce international talents, build an international sales network, actively participate in international standards, enhance the Company's global governance capabilities and enhance comprehensive strength with higher standards and stricter requirements, and continuously improve its international level.

4. Adhere to talent empowerment and promote high-quality development

Talents and teams are the driving force for a company's development and the key to winning or losing in competition. The Company strives to explore innovative talent management mechanisms, continuously optimize internal talent training, and use corporate culture and diversified assessment and incentive mechanisms as the cornerstone to gather high-end talents and form a common value orientation; at the same time, it improves the leadership of the entire core team and optimizes Organizational

operation model, upgrading the management and operation structure, and promoting the Company's efficient development with leading organizational capabilities.

5. Strengthen innovation leadership and implement digitization strategy

At present, new technologies and industries such as new energy, new materials, high-end equipment, artificial intelligence, and life and health are constantly innovating, international competition in talent and technology is becoming increasingly fierce, and the industrial chain and supply chain are accelerating their reshaping. Innovation has become a necessary measure to seek long-term development under the new trend. The Company actively embraces the development opportunities brought by new technologies, innovates and develops in a purposeful, high-quality and effective manner, and builds dual innovation capabilities. Regarding acceleration of the digitalization strategy, on the one hand, focusing on digital technology to continuously improve internal business processes, accurately marrying digitalization with various business segments, and comprehensively enhancing the operating efficiency and degree of synergy of digitalization efforts. On the other hand, providing digitization services to improve client experience.

6. Improve ESG levels and create sustainable values

On the one hand, the Company continuously improves its ESG management structure and management system, continuously enhance its risk resistance, improve its ESG and QSHE levels, set industry benchmarks, and thereby enhance the Company's brand influence. On the other hand, after its listing, the Company began to develop low-carbon and sustainable development businesses, providing ESG and carbon peaking and carbon neutrality services to enterprises, helping clients identify environmental risks, reduce environmental impacts, achieve green production, and help clients achieve greener and healthier sustainable development.

(II) Business plan for the next year

In 2024, the Company will focus on the established development strategy and plan to carry out work in the following aspects to ensure that various economic indicators achieve steady growth on the basis of 2023.

1. Improve operating quality and efficiency through a variety of initiatives

In 2024, the Company will continue to improve operating quality and efficiency through a variety of initiatives. The Company always adheres to client first, client-centered, empowers and serves clients with professionalism, enhances the Company's reputation, and increases client stickiness. The Company has elevated quality to the Group level, making quality a belief, effectively promoting the improvement of the Company's quality management level, and pursuing steady development of higher quality. In 2024, it will further promote the lean culture to take root in the Group, fully stimulate the potential of employees by building lean laboratories, continuously improve processes and enhance personnel capabilities, and enable business growth. Meanwhile, the Company will continue to explore new technologies such as digital, automation and AI, expand their applications and improve laboratory efficiency. The Company will adopt more stringent control measures to further improve labor efficiency and cash flow management; empower M&A companies, give full play to synergy and improve operating efficiency; focus on loss-making laboratories, formulate loss-making plans, sort out the necessity of legal entities, and improve Group-wide management efficiency.

2. Adhere to investment and development, and make M&A integration into the Company's new core competitiveness

At present, China's economic growth is slowing down and the testing industry is in a volatile phase. On the one hand, the Company will continue to tap the potential in advantageous fields such as the environment, food, and trade security, and extend the sub-fields of its existing businesses. On the other hand, the Company encourages the use of secondary entrepreneurial spirit to increase the strategic track, including fields such as pharmaceutical, medicine, chip semiconductors, great traffic, metrology, carbon peaking and carbon neutrality services, through innovative mechanisms to find a new strategic direction, encourage investment and development of business units, and store energy for its sustainable growth. The Company continues to pay attention to the development trends of S&T and the development opportunities brought by the application of new technologies, innovate and develop with purpose, quality and efficiency, and shape dual innovation capabilities. In 2024, the Company will maintain a positive attitude in M&A, focus on the strategic development needs, pay attention to the opportunities of different product lines and different tracks, enhance the pre-judgment before program approval, and improve the efficiency of M&A; Strive to improve the ability of M&A integration, strive to become a platform that can enable the growth of M&A enterprises, and gradually build merger and integration into the core competitiveness of the Company; Actively carry out international investment, the Company continues to deepen the internationalization level of ships, expand international clients in the field of large consumer goods, expand the strategic layout of Southeast Asia, deepen the global operation capability, and accelerate the internationalization process.

3. Continue to strengthen organizational capabilities and ensure sustained high-quality development

After more than 20 years of rapid development, the company has more than 13,000 employees operating a network of about 160 laboratories and more than 260 offices in over 90 cities around the world, including 10 business divisions and more than 30 product lines, and needs to constantly optimize the organizational structure and improve management efficiency during the development process. Regarding business development, the Company has established a group key account department, with the city general manager and administrative general manager taking the lead in the collaborative development of local key accounts, establishing an incentive system for collaborative development of cross-product line businesses; formulating plans to effectively increase the number of engineers and senior workers, and more A good way to expand local business. Regarding talent management, the Company continues to deepen HAP, LAP, climbing camp and other talent training programs, adding MT management trainee program; Promote the flow of talents across departments and train more comprehensive management talents; actively train and reserve overseas management and technical personnel to prepare for the Company's internationalization process; the Company will continue to introduce high-quality talents from external industries, through internal training and external absorption, build a complete talent echelon, establish a leadership model, continue to strengthen organizational capabilities, and ensure the sustained high-quality development of enterprises.

4. Focus on investor returns and achieve win-win results for all parties

The Company pays attention to the sustainable and reasonable return to investors, and shares the results of enterprise development with investors by gradually increasing cash dividends and optimizing the rhythm of dividends since listing. The Company insists on implementing cash dividends every year, and as of 2022, the cumulative dividend amount has reached 743 million. The Company has launched two consecutive share repurchase plans, of which the first-phase share repurchase plan has been completed, with a total of 3 million shares repurchased and a total transaction amount of CNY 63.5054 million. The Company's second-phase share repurchase plan is progressing steadily. The cumulative number of shares repurchased so far is 4.9011 million shares, and the total transaction amount is CNY 70.3488. Upon completion of the repurchase, the Company plans to use the aforementioned repurchased shares for Employee Share Ownership Plans or equity incentives to increase employee enthusiasm, improve the Company's performance, and allow investors to share the Company's development results.

In 2024, the company will give full play to the leading role of its core values, advocate long-termism and entrepreneurship, and help the sustainable development of the Company's business. Through continuous improvement of QHSE management, the company continues to refine the task of upgrading and improving ESG management, promote the Group's ESG work to a more standardized, international and distinctive direction, and comprehensively improve the company's ESG level; Continuously improve the management of the board of directors, control internal management risks, achieve sound operation, coordinate the dynamic balance between performance growth and shareholder returns, implement the "long-term, stable and sustainable" shareholder value return mechanism, continue to improve the ability to return investors, and make unremitting efforts to achieve long-term high-quality win-win results for all stakeholders.

(III) Risks the Company may face

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

Credibility and brand are the driving force for sustainable development and survival foundation for testing and certification institutions. Only if we are recognized by our clients in technology and fairness, we can gradually expand our market share and be in a favorable position in market competition. Once quality issues cause damage to credibility and brand, we may not be trusted any more, thus affecting our business expansion and profitability. In serious cases, even the testing and certification qualifications can be revoked, thus affecting our survivals. The Company attaches great importance to maintenance of credibility and brand, actively advocates the integrity-based value, establishes a perfect quality control system to ensure the truth and accuracy of test reports issued, and continuously improves testing service quality. In accordance with the requirements of ISO/IEC 17025, ISO/IEC 17020 and Review Criteria for Qualifications of Testing Institutions, the Company has formulated the Measures for Group Quality Supervision and Management, Measures for Laboratory Quality Supervision and Management and Measures for Quality Professional Management to standardize the quality supervision of the Group, ensure that the testing/calibration activities carried out by the laboratories are in compliance with laws and regulations, China National Accreditation Service for Conformity Assessment (CNAS) and China Metrology Accreditation (CMA) guidelines and rules, so that quality risks can be relieved. Quality control is coordinated by the Group's QHSE Department. The Group exercises vertical control over quality, health, safety and environment. Each business department, subsidiary and operating outlet supplements and formulates relevant systems and strengthens quality control based on their respective business characteristics. In 2023, the Group's QHSE Department planned and organized the implementation of a one-year "Special Audit" for each subsidiary, and targeted special audits in five different fields as the scope of the 2023 Special Audit, in order to explore a normalized supervision mechanism in a more focused manner. After one-year trial operation, the professionalism of auditors in different fields and the effectiveness of audit results have been greatly improved. In view of the good leading role, the Company plans to integrate this type of check method into the daily quality management system of each subsidiary in 2024, continuously improve the quality management capabilities of each branch and subsidiary, and pursue higher quality and steady development. Meanwhile, the Group's QHSE Department also launched the "Quality Management Maturity Assessment of Subsidiaries" Version 2.0, which clarified and strengthened the requirements of the Quality Department for the secondary quality supervision of each laboratory by quantifying the certification and accreditation technical service standards and upgrading the risk management database, and assessed the work performance of Quality Management Departments in subsidiaries with comprehensive, focused and quantifiable scoring indicators, enabling the continuous quality and maturity promotion of these Departments.

"Integrity" is at the top of the Company's values, while "independence", "fairness" and "honesty" are essential requirements for business. The Company has established the Procedures for Ensuring Independence, Fairness and Honesty and Procedures for Fairness Management of Certification Activities to standardize the independence and fairness of all the Company's testing and

adhere to independent, objective and true reporting of testing and calibration results without external influence. The Company has established an fairness maintenance committee to regulate and supervise the fairness of certification services. The Fairness Maintenance Committee carries out supervision and review of certification business in accordance with the Operation Procedures of the Fairness Maintenance Management Committee. Through normalized training, the Company continuously strengthens the certification personnel's familiarity with the certification system and educates them on professional ethics and codes of conduct. In the Employee Manual, The Company also clearly defines the penalties for soliciting or accepting bribes, kickbacks or illegal benefits.

The Company has developed the Integrity Manual in accordance with the United Nations Convention against Corruption and other International conventions and practices, integrity management technical guidelines of Transparency International, relevant national laws and regulations, and clients' integrity requirements, in which anti-corruption and anti-commercial bribery requirements in the Code of Business Conduct are supplemented and strengthened, and the construction of high-standard ethical operations is implemented to safeguard the brand concept and credibility value cherished by the Company from the perspective of system and technology.

2. Market and policy risks

The testing industry is an industry with strong policy orientation, and the government's development policies on the testing industry affect the development speed of the testing industry. With the development of the global testing industry, the overall trend of testing systems in various countries is consistent, that is, the government or industry associations conduct industry management on testing institutions through market access rules such as assessment and accreditation, commercialize the business of testing and conformity assessment, improve service quality, and promote industrial development. Each independent testing institution operates in a market-oriented manner according to the client's requirements and the services it provides, and the service fees are determined by negotiation between the two parties. China's testing industry has long been influenced by the planned economic system. After joining the WTO, it faces pressure from the international community to accelerate the opening of the service market. Against this background, the testing industry urgently needs industry guidelines that are consistent with international rules to regulate and constrain the industry's behavior. Although open market-oriented development has been confirmed by national policies and guidelines, there may still be local policies and regulations that are not conducive to the market-oriented development of the industry. There are still uncertainties in the government's openness to testing, which will bring a certain degree of risk to the Company.

In response to this risk, the Company has set up a special response department to pay close attention to the policy dynamics of relevant regulatory authorities, report regularly to the management, and proactively respond to possible policy risks.

3. Decision risks of M&A and integration risks after M&A

The testing and certification industry is characterized by fragmentation, spanning many industries, and each segmented industries is relatively independent, difficult to quickly replicate. Using M&A to quickly enter new fields is a common practice among international testing and certification giants, and is also one of the Company's important strategies for long-term sustainable development in the future. The selection of M&A targets and the integration after M&A are related to the success of M&A and involve great risks.

Abiding by the principle of prudence, the Company conducts detailed due diligence and sufficient demonstrations, strategically selects suitable industries and high-quality targets at home and abroad, and conducts return on investment analysis in the early stages of M&A. By introducing talents with integration capabilities in the industry to coordinate management and operations, the Company continuously follows up on whether the investment is in line with the investment plan and expectations to achieve the effect of strengthening post-investment management. In response to the risks in M&A decisions, the Investment Department summarized the risks in the Company's historical investment and M&A transactions, concluded the key points of negotiation and the corresponding standard terms of equity agreements, compiled the *SPA Checklist and Key Issues and Solutions in M&A Transactions*, and made supplementation and improvement on a regular basis. According to such regulations as the Articles of Association and the Working Rules of the Strategy and M&A Committee of Board of Directors, major investment matters are managed and controlled by the Investment Committee to demonstrate the feasibility of the item; they are submitted to the Strategy and M&A Committee of Board of Directors, the Board of Directors, and the General Meeting of Shareholders for review based on their decision-making authority, improving the scientific nature and quality of the Company's major investment decisions. In response to the risks of post-investment management, the financial and human resources departments have prepared personnel reserves and added experts to the lean team to lay the foundation for the future output of lean management capabilities.

4. Risk of laboratory investment not meeting expectations

The Company has a first-mover advantage in the testing industry. In order to accelerate the layout of the national testing market, the Company has built a number of laboratories with international or domestic leading levels in recent years. Under the background of continuous innovation in new technologies and industries such as new energy, new materials, high-end equipment, artificial intelligence, and life and health, the Company has also brought more opportunities and challenges to the field of testing. The Company has increased investment in the field of medicine and health, new material testing, semiconductor chip field, rail transit field, new energy vehicles and vehicle networking and deployed the main growth points in the medium and long term. The construction of a laboratory can only be officially put into operation after completing decoration, personnel recruitment, equipment purchasing and review, as well as obtaining qualifications. It takes a certain period of time to achieve a break-even point. If the production capacity of the newly built laboratory does not meet expectations, it may affect the Company's profits. In the future, the Company will focus on building new laboratories, improving the operating efficiency of new laboratories, gradually releasing production capacity, and gradually showing economies of scale, so as to achieve steady growth in the Company's income and profits.

The Company will conduct budget management and control over capital expenditures other than M&A, and conduct detailed return on investment analysis, evaluate the rationality and necessity of various investments, and reasonably control the investment pace.

XII. Registration form for reception of research, communication, interviews and other activities during the reporting period

Applicable Not applicable

Reception time	Reception location	Reception mode	Reception object type	Reception object	Main content discussed and information provided	Basic information index of the research
February 17 - March 21, 2023	Company	On-site research/teleph	Institution	Institution investor	Company status and future	<i>Record Sheet of Investor</i>

		one communication			development plans	<i>Relations Activities from February 17 to March 21, 2023 (No. 2023-001)</i> disclosed on www.cninfo.com.cn
April 25 - April 28, 2023	Company	Telephone communication	Institution	Institution investor	Statement of results for 2022 and Q1 of 2023	Record Sheet of Investor Relations Activities from April 25 to April 28, 2023 (No. 2023-002) disclosed on www.cninfo.com.cn
August 11 - August 17, 2023	Company	Telephone communication	Institution	Institution investor	Statement of results for half year of 2023	Record Sheet of Investor Relations Activities from August 11 to August 17, 2023 (No. 2023-003) disclosed on www.cninfo.com.cn
October 25 - October 27, 2023	Company	Telephone communication	Institution	Institution investor	Statements of results for 3 quarters in 2023	Record Sheet of Investor Relations Activities from October 25 to October 27, 2023 (No. 2023-004) disclosed on www.cninfo.com.cn

XIII. Implementation of the “Double Improvement of Quality and Return” action plan

Whether the Company has disclosed the “double improvement of quality and return” action plan.

Yes No

On February 5, 2024, the Company disclosed the *Announcement on the “Double Improvement of Quality and Return” Action Plan*, which aims to practice the spirit of the meeting of the Political Bureau of the Central Committee of the meeting of “to activate the capital market and boost investors’ confidence”, and the executive meeting of the State Council of “to vigorously improve the quality and investment value of listed companies, to take more effective measures, strive to stabilize the market, stabilize confidence” guiding ideology, safeguard the interests of all shareholders of the Company, enhance investors’ confidence, and promote the long-term healthy and sustainable development.

The main contents of the activity plan include five aspects of “investor-oriented, effectively promote share repurchases”, “focus on the main business, and deepen the testing industry”, “continuously improve innovation and R&D capabilities, and enhance core competitiveness”, “create a governance structure with transparency as the core”, and “focus on shareholder returns and adhere to information disclosure guided by investor needs”.

Specific measures of the plan have been implemented. Regarding repurchase of the Company’s shares, it launched two consecutive share repurchase plans in 2023, of which the first-phase share repurchase plan has been completed, with a total of 3 million shares repurchased and a total transaction amount of CNY 63.5054 million. The Company reviewed and approved the 2-phase share repurchase plan on May 15, 2023, and planned to use its own funds to repurchase 3-5 million shares of the Company through centralized bidding transactions. So far, the 2-phase share repurchase plan has repurchased a total of 4.9011 million shares, with a transaction amount of CNY 70.3488 million. In the future, the Company will continue to adhere to the investor-oriented, according to the characteristics of the industry and its own actual situation, actively fulfill its social responsibility, improve the level of shareholder returns, share the fruits of its development with the majority of shareholders and win-win in the future, and implement the “double improvement of quality and return” action plan in place, so as to contribute to the stabilization of the market and the stabilization of confidence.

Section 4 Company Governance

1. Basic situation of company governance

(I) Shareholders and General Meeting of Shareholders

The Company convenes and holds general meetings in a standardized manner in strict accordance with the Rules for General Meetings of Shareholders of the Listed Company, the Articles of Association, the Rules of Procedure for General Meetings of Shareholders and the provisions and requirements of the GEM Board of the Shenzhen Stock Exchange, treats all shareholders on an equal footing and, as far as possible, facilitates the participation of shareholders in general meetings so as to enable them to fully exercise their rights as shareholders. During the reporting period, all shareholders' meetings held by the Company were convened by the Company's Board of Directors, and witness lawyers were invited to conduct on-site witnessing and issue legal opinions on the convening and voting procedures of the General Meeting of Shareholders. At the General Meeting of Shareholders, each shareholder can be guaranteed to have sufficient voice, ensuring that all shareholders, especially small and medium-sized shareholders, enjoy equal status and fully exercise their rights. During the reporting period, the General Meeting of Shareholders held by the Company did not violate the Rules for General Meeting of Shareholders of the Listed Company. No shareholders who individually or jointly held more than 10% of the total number of voting shares of the Company requested to hold an extraordinary General Meeting of Shareholders, and there was no General Meeting of Shareholders convened at the proposal of Board of Supervisors.

(II) The Company and the holding shareholder

The holding shareholders of the Company strictly regulate their own behavior and do not go beyond the General Meeting Of Shareholders to directly or indirectly intervene in its decision-making and business activities. The Company has independent and complete business and independent management ability, and is independent of holding shareholders in business, personnel, assets, institutions and finance. The Board of Directors, Board of Supervisors and internal institutions operate independently. During the reporting period, the holding shareholders of the Company regulated their own behaviors in strict accordance with the provisions and requirements of the *Code of Governance for the Listed Company, Rules for Listing of Shares on the Growth Enterprise Market of Shenzhen Stock Exchange, Shenzhen Stock Exchange's Self-disciplinary Supervision Guideline for Listed Companies No. 2 - Standardized Operation of Listed Companies on the Growth Enterprise Market, Articles of Association* and other regulations and requirements and did not go beyond the Company's General Meeting of Shareholders has not directly or indirectly interfered in its decision-making and operating activities, has not jeopardized its interests and other shareholders, there is no occupation from holding shareholders on Company's funds, and the Company has never provided guarantees for holding shareholders.

(III) Directors and Board of Directors

The Company's Board of Directors consists of 7 directors, including 4 non-independent directors. The number and composition of Board of Directors comply with the requirements of laws, regulations and the Company's Articles of Association. Directors were able to carry out their work in accordance with the *Rules of Procedure of Board of Directors, the Working System of Independent Directors* and *Shenzhen Stock Exchange, Shenzhen Stock Exchange's Self-disciplinary Supervision Guideline for*

Listed Companies No. 2 - Standardized Operation of Listed Companies on the Growth Enterprise Market, attended the Board of Directors, the Specialized Committees of Board of Directors and General Meeting of Shareholders, and diligently fulfilled their duties and obligations, and at the same time, actively participating in relevant exchanges and studies to familiarize ourselves with relevant laws and regulations.

In accordance with the requirements of the Shenzhen Stock Exchange's Self-disciplinary Supervision Guideline for Listed Companies No. 2 - Standardized Operation of Listed Companies on the Growth Enterprise Market, the Company has set up three special committees under the Board of Directors, namely, the Compensation Assessment and Nomination Committee, Audit Committee and Strategy and M&A Committee, and the members of the special committees are all composed of directors. The members of Audit Committee are directors who are not executives of the Company, including more than half of the independent directors, and accounting professionals among the independent directors serve as conveners. The Compensation Assessment and Nomination Committee has more than half of its members as independent directors and an independent director serves as convener. The Strategy and M&A Committee is composed of more than half of external directors, providing scientific and professional opinions and references for the decision-making of Board of Directors. Each Committee should perform its duties in accordance with the Articles of Association and the rules of procedure of each Committee, without interference from any other department or individual of the Company. During the reporting period, the Company's directors improved their abilities to perform their duties as directors by studying and becoming familiar with relevant laws and regulations.

(IV) Supervisors and Board of Supervisors

The Company's Board of Supervisors consists of three supervisors, one of whom is a supervisor on behalf of employees. The number and composition of Board of Supervisors meet the requirements of laws and regulations. All supervisors can conscientiously perform their duties in accordance with the requirements of the *Articles of Association, Rules of Procedure of Board of Supervisors* and other provisions, and supervise the legality and compliance of the Company's major matters, financial status, and the performance of duties by directors and executives.

(V) Performance evaluation and incentive and restraint mechanisms

The Company has established an enterprise performance evaluation and incentive system, where the operator's income is linked to the Company's operating performance, and the appointment of executives is open, transparent and in compliance with laws and regulations.

(VI) Information disclosure and transparency

The Company strictly complies with the relevant laws and regulations and the requirements of *Information Disclosure System* and *Management System of Investor Relations* to truly, accurately, timely, fairly and completely disclose relevant information; and designates the secretary of the Company's Board of Directors to be responsible for information disclosure and coordinate the Company and Investor relations, receive visits from shareholders, answer investor inquiries, and provide investors with company-disclosed information; and designate *Securities Times*, *Shanghai Securities News* and GEM information disclosure website designated by the CSRC for the designated newspapers and websites of its information disclosure, so as to ensure that all shareholders of the Company have equal access to information. During the reporting period, the Company did not provide undisclosed information to major shareholders or actual controller. During the reporting period, the Company updated a series of systems such as the *Articles of Association, Working System of Independent Directors, the Working Rules of the Audit Committee*

of Board of Directors and Working Rules of the Remuneration Assessment and Nomination Committee of Board of Directors in accordance with the relevant provisions of the *Administrative Measures for Independent Directors of the Listed Company* and in the light of the actual situation of the Company.

(VII) Stakeholders

The Company fully respects and safeguards the legitimate rights and interests of relevant stakeholders, achieves coordination and balance of the interests of shareholders, employees, society and other parties, and jointly promotes the Company's sustainable and healthy development.

(VIII) Establishment and operation of the Company's internal control system for financial statements

The Company has established a relatively complete internal control system in accordance with the requirements of the *Basic Standards for Enterprise Internal Control*, which can adapt to its management needs. All internal control systems have been effectively implemented to achieve the purpose of controlling and preventing risks in operation and management, protecting the legitimate rights and interests of investors, and promoting the healthy and stable development of the Company, and no significant deficiencies in internal control have been found.

Whether there are significant differences between the actual state of corporate governance and the laws, administrative regulations and the regulations issued by the CSRC on the governance of the listed company

Yes No

There are no significant differences between the actual state of corporate governance and the laws, administrative regulations and the regulations issued by the CSRC on the governance of the listed company.

II. Independence of the Company from holding shareholders and actual controller in ensuring the Company's assets, personnel, finance, institution and business

(I) Business independence

The Company has an independent and complete business system of R&D, supply, production and sales, and has the ability to directly face the market and operate independently, and there is no other need to rely on the holding shareholders, actual controller and other enterprises under their control to carry out production and operation activities.

(II) Asset integrity

The Company has independent and complete supporting facilities and fixed assets for purchasing, production and sales. The Company has complete control over all assets, and there is no situation where assets or funds are occupied by holding shareholders to the detriment of its interests.

(III) Personnel independence

The Company has a human resources management department and its personnel and compensation management is completely independent and separate from the shareholders. The directors, supervisors and executives of the Company are

appointed in strict accordance with the relevant provisions of the *Company Law* and *Articles of Association*, and there is no part-time job prohibited by relevant laws and regulations.

(IV) Institutional independence

The Company has independent production, operation and office institutions, which are completely independent of the holding shareholder and actual controller. There is no mixed operation or co-location. Neither the holding shareholder nor any other unit or individual interferes with the Company's organizational setup and production and operation. Activity.

(V) Financial independence

The Company has an independent financial department to be responsible for its accounting and financial management. The Company's Chief Financial Officer and financial employees all work full-time in the Company and receive compensation, and do not work for companies with the same or similar business as the Company, or other companies with conflicts of interest.

III. Horizontal competition

Applicable Not applicable

IV. Relevant information on the annual General Meeting of Shareholders and extraordinary General Meeting of Shareholders held during the reporting period

1. General Meeting of Shareholders during the reporting period

Session	Type	Investor participation proportion	Held on	Disclosed on	Resolution
Annual General Meeting of Shareholders in 2022	Annual General Meeting of Shareholders	47.21%	May 15, 2023	May 16, 2023	<i>Announcement on the Resolution of Annual General Meeting of Shareholders in 2022</i> disclosed by the Company on www.cninfo.com.cn.
First Extraordinary General Meeting of Shareholders in 2023	Extraordinary General Meeting of Shareholders	37.27%	October 16, 2023	October 17, 2023	<i>Announcement on the Resolution of the First Extraordinary General Meeting of Shareholders in 2023</i> disclosed by the Company on www.cninfo.com.cn.
2nd Extraordinary General Meeting of Shareholders in	Extraordinary General Meeting of Shareholders	44.71%	December 29, 2023	December 30, 2023	<i>Announcement on the Resolution of the Second</i>

Shentu			or and President	t	2018		000				000	
Qian Feng	Male	50	Director	Current	December 30, 2022		2,132,128				2,132,128	
			Vice President	Current	August 25, 2007							
Qi Guancheng	Male	57	Director	Current	October 16, 2023							
Liu Jidi	Female	40	Director	Resigned	December 1, 2020	October 16, 2023	0					
Cheng Haijin	Male	52	Independent director	Current	September 7, 2020		0					
Zeng Fanli	Male	59	Independent director	Current	December 2, 2019		0					
Liu Zhiquan	Male	53	Independent director	Current	September 21, 2022		0					
Chen Yan	Male	50	Vice President	Resigned	August 25, 2007	January 13, 2023	2,692,436		30,000		2,662,436	
Zhou Lu	Male	50	Vice President	Current	August 27, 2013		848,000				848,000	
Xujian	Male	49	Vice President	Current	May 28, 2010		525,000				525,000	
Li Fengyong	Male	51	Vice President	Current	August 22, 2016		703,200				703,200	
Wang Hao	Female	48	Vice President	Current	August 22, 2016		380,000				380,000	
Zeng Xiaohu	Male	49	Vice President	Current	April 24, 2019		695,000				695,000	
Jiang Hua	Female	47	Vice President	Current	January 13, 2023		0					
Chen Weiming	Male	51	Chairman of Board of Supervisors	Current	August 12, 2016		0					
Zhang	Male	49	Superv	Current	August		0					

Yumin			isor	t	12, 2016							
Du Xuezhi	Male	42	Superv isor	Curren t	Decem ber 30, 2022		0					
Total	--	--	--	--	--	--	138,16 0,084. 00	130,50 1,554. 00	30,000		268,63 1,638. 00	--

During the reporting period, whether there was any resigning of directors and supervisors and dismissal of executives during the tenure

Yes No

1. On January 13, 2023, Mr. Chen Yan resigned from his positions as Vice President, President of Administration and Secretary of Board of Directors due to job changes;

2. On January 13, 2023, Ms. Jiang Hua was appointed as Vice President and Secretary of Board of Directors;

3. On October 16, 2023, Ms. Liu Jidi resigned from her position as Director due to job changes;

4. On October 16, 2023, Mr. Qi Guancheng was appointed as Director.

Changes in directors, supervisors and executives of the Company

Applicable Not applicable

Name	Position	Type	Date	Reason
Chen Yan	Vice President, President of Administration and Secretary of Board of Directors	Resigned	January 13, 2023	Job changes
Jiang Hua	Vice President and Secretary of Board of Directors	Appointed	January 13, 2023	Appointment
Liu Jidi	Director	Resigned	October 16, 2023	Job changes
Qi Guancheng	Director	Appointed	October 16, 2023	Elected

2. Employment

Professional background, main work experience and main responsibilities of current directors, supervisors and executives of 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 the Vice President of the Company in July 2004; He became the Chairman of the Company in August 2007 and was re-elected in August 2010, August 2013, August 2016, December 2019 and January 2023.

(2) Mr. Ricard Shentu, Chinese nationality, without right of residence outside China, born in 1968, with a doctor's degree. He previously served as the Executive Vice President of the SGS Group, responsible for Global Consumer & Retail Service Group; he also served as the President of SGS-CSTC in China, and Vice President of SGS global Consumer & Retail Service and Industrial Service Groups. He once served as the Chairman of the Board of Directors in Bluesign Technologies Ag., a Swiss company. He was also the Board member of SGS-CSTC. He joined CTI in June 2018 and served as the Company's Director and President.

(3) Mr. Qian Feng, Hong Kong, China, born in 1973, with a master's degree. He once worked for Shenzhen Maritime Safety Administration and served successively as the member, deputy director, director and deputy director general. He joined the Company in 2006 and served as the Vice President since 2007. He has been a director of the Company since December 30, 2022. He has been appointed President of Administration of the Company since January 13, 2023.

(4) Mr. Qi Guancheng, Hong Kong, China, born in 1966, with a master's degree and over three decades of experience in the TIC (Testing, Inspection, and Certification) industry. He held a prominent position as a member of the SGS Group Management Committee for a commendable period of 17 years and assumed the role of Chief Operating Officer at SGS Group, overseeing operations in China, Hong Kong, North American Consumer Goods, and Northeast Asia; President of SGS China and SGS Hong Kong, and Vice President of SGS Global Consumer Products Testing and Industrial Services Group. He has served as the Director of General Standards Technical Services Co, Ltd, SGS Hong Kong, Taiwan, South Korea, Japan and Vietnam. Mr. Qi Guancheng founded Ruiheng Online Investment Co., Ltd. in 2022, which is mainly engaged in M&A and the provision of management consultancy services in the TIC industry, and has been a director of the Company since October 16, 2023.

(5) Mr. Cheng Haijin, Chinese nationality, born in 1971, with an MBA from Cornell University. He has served as the Director of Business Development and M&A at General Electric and Honeywell, and has also worked in the Investment Banking Department of Banque Nationale de Paris, Bank of China (Hong Kong), Pfizer/Pharmacia Pharmaceuticals, and Chia Tai Group. He is currently the President of Shanghai Liansheng Technology Service Co., Ltd. Mr. Cheng Haijin has extensive domestic and international experience in equity M&A, strategic investments, mixed-ownership reforms, distressed acquisition restructuring, post-investment management, cross-border operations, internal audit and risk control in different countries and industries. He has served as an independent director of the Company since September 7, 2020.

(6) Mr. Zeng Fanli, Chinese nationality, born in 1964, with a bachelor's degree in Agronomy and a master's degree in World Economics. From 1986 to 1999, he served successively as a member of Shenzhen Commodity Inspection and Testing Bureau, the deputy director of Wenjindu Port, the deputy director general, director general and secretary of the party committee of Wenjindu Port, and the director of the certification department and the secretary of Shenzhen Commodity Inspection and Testing Bureau; from 1999 to 2001, he served as the director of the food inspection department and the secretary of the party committee of Shenzhen Inspection and Quarantine Bureau; from 2001 to 2004, he served as the office director and secretary of Shenzhen Inspection and Quarantine Bureau; from 2004 to 2010, he served as the director and the secretary of the leading Party group of Shekou Inspection Bureau (deputy director-general); from 2010 to 2013, he served as the director (deputy director-general) and the secretary of the leading Party group of Huanggang Inspection Bureau; from 2013 to 2015, he served as the deputy director (deputy director-general) and the secretary of the leading Party group of Shenzhen Inspection and Quarantine Bureau; from August 2015 to 2019, he served as the vice president, the secretary of the Party Committee and the president of food cold chain platform, of Eternal Asia Supply Chain Co., Ltd.; he also served as the vice president of Shenzhen Customs Brokers Association, the vice president of Shenzhen Financial Chamber of Commerce, the founding president of Shenzhen Food Material Industry Association, etc.; from March 2019 to now, he serves as the president of Nanhai Shenghui New Energy (Guangdong) Co., Ltd. and Shenzhen Yuehai Shenghui International Trade Co., Ltd.; he became an independent director of the Company on December 2, 2019.

(7) Mr. Liu Zhiquan, Chinese nationality, born in 1970, without right of permanent residence outside China, with a D.E. After graduating with a Ph.D. in 2000, he went abroad to study. At the end of 2006, he returned to work as an overseas scholar. From December 2006 to March 2019, he served as a researcher and innovation project leader of the Institute of Metal Research, Chinese Academy of Sciences, and 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 researcher at the Shenzhen Institute of Advanced Technology, Chinese Academy of Sciences Team leader, doctoral supervisor of 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, focusing on the microstructure, performance and service reliability of metal electronic packaging materials and packaging structures. He has served as an independent director of the Company since September 21, 2022.

2. Supervisor

(1) Mr. Chen Weiming, Chinese nationality, without right of residence outside China, born in 1972, with a MBA. He once served as the Deputy General Manager of the Retail Banking Department of China Bohai Bank Co., Ltd. Shenzhen Branch and currently serves as the Deputy General Manager of Shenzhen Sijiganquan Food and Beverage Co., Ltd. He has been a supervisor of the Company since December 2019.

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

(3) Mr. Zhang Yumin, Chinese nationality, without right of permanent residence outside China, born in 1974, with a college degree. He graduated from Jinan University with a degree in accounting, joined the Company in 2006, and has served as the Company's supervisor since July 2016.

3. Executive

(1) Mr. Ricard Shentu is currently the President of the Company. Please refer to the "Directors" section for his resume.

(2) Mr. Qian Feng is currently the Vice President of the Company. Please refer to the "Directors" section for his resume.

(3) Mr. Xu Jiang, Chinese nationality, without right of permanent residence outside China, born in 1974, with a master's degree. From 1998 to 2001, he worked at Huawei Technologies Co Ltd. From 2001 to 2010, he worked at Emerson Network Power, Inc. He joined the Company as Vice President from May 28, 2010.

(4) Mr. Zhou Lu, Chinese nationality, without right of permanent residence outside China, born in 1973, with a master's degree, senior engineer. He has worked for the Norwegian Classification Society, and has served as the Director of Climate Change Service Operations for Greater China, Director of Energy Efficiency Product Development and Operations for Greater China, and Manager of the Beijing Branch. He joined the Company in November 2010 and served as Director of Certification Development Department. He has served as the Company's Vice President since August 2013.

(5) Mr. Li Fengyong, Chinese nationality, without right of permanent residence outside China, born in 1972, with a master's degree. He used to work as Business Manager of Foreign Trade Corporation of Huimin County, Binzhou and Marketing Manager

of Qingdao Ainuo Intelligent Instrument Co., Ltd. He joined the Company in 2008 and served as general manager of the food and drug business department and general manager of Qingdao CTI Technology Co., Ltd. He is currently the Company's Vice President.

(6) Ms. Wang Hao, Chinese nationality, without right of residence outside China, born in 1975, with a master's degree, a certified public accountant in the United States, a senior financial manager with years of work experience in China and the United States. From 2006 to 2015, she worked at Freeborders Software Development Co., LTD., where she served as Finance Manager, Finance Director and Vice President of Finance for Asia Pacific. She also worked at China Resources Coatings Group and an American accounting firm. She joined the company in April 2016 and is currently the Company's Vice President.

(7) Mr. Zeng Xiaohu, Chinese nationality, without right of permanent residence outside China, born in 1974, with a master's degree. He has served in various management positions including General Manager of SGS China Industrial, Transportation and Fire Technology Business Group and Head of SGS Northeast Asia Transportation Services, General Manager of SGS China Consumer Products Testing Business Group, and Vice President of SGS Global Light Industrial Products Business. She joined the company in January 2019 and is currently the Company's Vice President.

(8) Ms. Jiang Hua, Chinese nationality, without right of permanent residence outside China, born in 1976, with a master's degree, member of the 6th and 7th CPPCC Shenzhen Municipal Committee. She has served as Deputy General Manager of Shenzhen Cultural Expo Company of Shenzhen Press Group and Director of China Cultural Industry Network, Deputy General Manager of Economic Herald of Shenzhen Press Group and Deputy Director of Internal Management Committee of Hong Kong Commercial Daily, Director of Government Affairs and Public Relations of Shenzhen Carbon Cloud Intelligence Co., Ltd., Vice President and Director of the Board Office and Director of the Secretary's office of Shenzhen Jinyi Technology Co., Ltd.; General Manager of the Government and Public Utilities Department (Shenzhen) of Sangda Co, Ltd, and Senior Vice President of Dotwell Culture. She joined the company in January 2023 and currently serves as Vice President and Secretary of Board of Directors.

Positions held in shareholders' units

Applicable Not applicable

Positions in other units

Applicable Not applicable

Name of the employee	Other unit names	Positions held in other units	Start date of term	End date of term	Whether to receive compensation or allowances from other units?
Wan Feng	Shenzhen Gangliyuan Investment Co., Ltd.	Executive Director			
Wan Feng	Beijing Tianrui Junfeng Investment Management Co., Ltd.	Supervisor			
Wan Feng	Shenzhen Qianhai Gangli No. 1 Investment	Executive Partner			

	Partnership (Limited Partnership)				
Zeng Fanli	Shenzhen Dafusheng Trading Co., Ltd.	Executive Director and General Manager			
Zeng Fanli	Nanhai Shenghui New Energy (Guangdong) Co., Ltd.	General Manager			
Zeng Fanli	Shenzhen Yuehai Shenghui International Trade Co., Ltd.	Executive Director and General Manager			
Zeng Fanli	Baijiahui (Shenzhen) International Trading Co., Ltd.	Executive Director			
Zeng Fanli	Zhongrong Xiaoshan Cultural Development Co., Ltd.	Executive Director			
Cheng Haijin	Shanghai Liansheng Technical Service Co., Ltd.	Executive Director			
Cheng Haijin	Taolin Professional Design Studio, Qinchuan Street, Changshu	Individual Business Owner			
Chen Weiming	Shenzhen Siji Ganquan Food and Beverage Co., Ltd.	Deputy General Manager			
Qi Guancheng	Ruiheng Online Investment Co., Ltd.	Executive Director			
Description of employment in other units	None				

Punishment on the current and resigned directors, supervisors and executives of the Company in the past three years by securities regulators

Applicable Not applicable

3. Compensation of directors, supervisors and executives

Decision-making procedure, determination basis and actual payment of compensation for directors, supervisors and executives

1. Decision-making procedure

The compensations of the Company's directors and supervisors are determined by the General Meeting of Shareholders, and the compensation of executives is determined by the Board of Directors; the compensations of directors, supervisors and

executives who assume positions in the Company are paid by the Company; The independent director allowance is paid in accordance with the resolution of the General Meeting of Shareholders, and the independent director meeting and training expenses are fully accounted for.

2. Determination basis

According to the Company's profit level and the division of labor and performance of directors, supervisors and executives.

3. Actual payment

During the reporting period, the Company had 18 directors, supervisors and executives totally. In 2023, the Company actually paid a total of CNY 18.3436 million in compensation to those personnel.

Compensation of directors, supervisors and executives during the reporting period

Unit: CNY 10,000

Name	Gender	Age	Position	Job status	Total compensation before tax received from the Company	Whether to receive compensation from the Company's related parties
Wan Feng	Male	54	Chairman	Current	239.01	No
Ricard Shentu	Male	55	Director and President	Current	625.01	No
Qian Feng	Male	50	Director and Vice President	Current	220.97	No
Qi Guancheng	Male	57	Director	Current	2.17	No
Zeng Fanli	Male	59	Independent director	Current	13	No
Cheng Haijin	Male	52	Independent director	Current	13	No
Liu Zhiquan	Male	53	Independent director	Current	11	No
Chen Weiming	Male	51	Supervisor	Current	0	No
Du Xuezhi	Male	42	Supervisor	Current	34.63	No
Zhang Yumin	Male	49	Supervisor	Current	16.49	No
Zhou Lu	Male	50	Vice President	Current	94.37	No
Xujiang	Male	49	Vice President	Current	155.47	No
Wang Hao	Female	48	Vice President and Chief Financial Officer	Current	119.28	No
Li Fengyong	Male	51	Vice President	Current	136.48	No
Zeng Xiaohu	Male	49	Vice President	Current	108.84	No
Jiang Hua	Female	47	Vice President, Secretary of Board of Directors	Current	30.48	No
Chen Yan	Male	50	President of Administration,	Resigned	5.16	No

			Secretary of Board of Directors			
Liu Jidi	Female	40	Independent director	Resigned	9	No
Total	--	--	--	--	1,834.36	--

Note: Qian Feng's total compensation in 2023 was HKD 2.43 million, which could be converted into CNY 2.2097 million based on the HKD exchange rate of 0.90935 on December 31, 2023.

Other descriptions

Applicable Not applicable

VIII. Directors' performance of duties during the reporting period

1. Board of Directors during the reporting period

Session	Held on	Disclosed on	Resolution
The 1st meeting of the 6th Board of Directors	January 13, 2023	January 14, 2023	www.cninfo.com.cn: Announcement on Resolution of the 1st Meeting of the 6th Board of Directors (No.: 2023-002)
The 2nd Meeting of the 6th Board of Directors	March 31, 2023	April 1, 2023	www.cninfo.com.cn: Announcement on Resolution of the 2nd Meeting of the 6th Board of Directors (No.: 2023-012)
The 3rd Meeting of the 6th Board of Directors	April 21, 2023	April 22, 2023	www.cninfo.com.cn: Announcement on Resolution of the 3rd Meeting of the 6th Board of Directors (No.: 2023-017)
The 4th Meeting of the 6th Board of Directors	May 15, 2023	May 16, 2023	www.cninfo.com.cn: Announcement on Resolution of the 4th Meeting of the 6th Board of Directors (No.: 2023-034)
The 5th Meeting of the 6th Board of Directors	May 31, 2023	June 1, 2023	www.cninfo.com.cn: Announcement on Resolution of the 5th Meeting of the 6th Board of Directors (No.: 2023-039)
The 6th Meeting of the 6th Board of Directors	July 4, 2023	July 5, 2023	www.cninfo.com.cn: Announcement on Resolution of the 6th Meeting of the 6th Board of Directors (No.: 2023-047)
The 7th Meeting of the 6th Board of Directors	August 10, 2023	August 11, 2023	www.cninfo.com.cn: Announcement on Resolution of the 7th Meeting of the 6th Board of Directors (No.: 2023-054)
The 8th Meeting of the 6th	September 28, 2023	September 29, 2023	www.cninfo.com.cn:

Board of Directors			Announcement on Resolution of the 8th Meeting of the 6th Board of Directors (No.: 2023-062)
The 9th Meeting of the 6th Board of Directors	October 9, 2023	October 10, 2023	www.cninfo.com.cn: Announcement on Resolution of the 9th Meeting of the 6th Board of Directors (No.: 2023-068)
The 10th Meeting of the 6th Board of Directors	October 24, 2023	October 25, 2023	www.cninfo.com.cn: Announcement on Resolution of the 10th Meeting of the 6th Board of Directors (No.: 2023-070)
The 11th meeting of the 6th Board of Directors	December 12, 2023	December 13, 2023	www.cninfo.com.cn: Announcement on Resolution of the 11th Meeting of the 6th Board of Directors (No.: 2023-077)

2. Directors' attendance in Board of Directors and General Meeting of Shareholders

Directors' attendance in Board of Directors and General Meeting of Shareholders							
Director name	Number of board meetings to be attended during the reporting period	Number of offline board meetings attended	Number of online board meetings attended	Number of board meetings attended by entrustment	Number of absences from board meetings	Whether there is failure to attend board meetings in person for two consecutive times	Number of General Meeting of Shareholders attended
Wan Feng	11	1	10	0	0	No	3
Ricard Shentu	11	1	10	0	0	No	3
Qian Feng	11	1	10	0	0	No	3
Qi Guancheng	3	0	3	0	0	No	2
Cheng Haijin	11	1	10	0	0	No	3
Zeng Fanli	11	1	10	0	0	No	3
Liu Zhiquan	11	1	10	0	0	No	3
Liu Jidi	8	1	7	0	0	No	1

Explanation for failure to attend board meetings in person for two consecutive times: None

3. Circumstances in which directors raise objections to relevant matters of the Company

Whether the directors raise any objection to the relevant matters of the Company

Yes No

During the reporting period, the directors did not raise any objection to the relevant matters of the Company.

4. Other descriptions on directors' performance of duties

Whether the directors' suggestions to the Company were adopted

Yes No

Explanation for whether the directors' suggestions to the Company were adopted

During 2023, all directors of the Company strictly followed the Company Law, Securities Law, Guiding Opinions on Establishing an Independent Director System in Listed Companies and Shenzhen Stock Exchange's Self-disciplinary Supervision Guideline for Listed Companies No. 2 - Standardized Operation of Listed Companies on the Growth Enterprise Market and other relevant laws, regulations and rules, perform duties honestly, diligently and independently, actively participate in relevant meetings, and carefully review various proposals of Board of Directors. Independent directors have expressed independent opinions on major matters of the Company, giving full play to the role of Board of Directors and various professional committees. On the one hand, the directors strictly review the relevant matters submitted by the Company to the Board of Directors, safeguard the legitimate rights and interests of the Company and public shareholders, and promote the standardized operation of the Company; on the other hand, the directors give full play to their professional advantages, actively pay attention to and participate in research on the Company's development, and put forward opinions and suggestions for the Company's audit, internal control, and strategic planning. During the reporting period, all the directors' suggestions to the Company were adopted.

IV. The special committee under the Board of Directors during the reporting period

Committee name	Members	Number of meetings held	Held on	Meeting content	Important comments and suggestions	Other performance of duties	Specific objection matter (if any)
Strategy and M&A Committee of Board of Directors	Wan Feng, Cheng Haijin, Liu Jidi	10	January 16, 2023	Review the <i>Proposal on Acquiring 100% Equity of Guangzhou Vectoring Pharmatech Co., Ltd.</i>	With 2 votes in favor and 1 abstention, the Company's holding subsidiary Shanghai CTI Pinchuang Medical Testing Co., Ltd. was approved to acquire 100% equity of Guangzhou Vectoring Pharmatech Co., Ltd.	None	None
Strategy and M&A Committee of Board of Directors	Wan Feng, Cheng Haijin, Liu Jidi	10	March 20, 2023	Review the <i>Proposal on the 2023 Operating Budget</i> and	1. All members believe that the 2023 operating	None	None

				<i>Proposal on Adjustment of the Company's Organizational Structure</i>	budget is in line with the Company's operating development, helps to improve the efficiency and quality of investment decisions, and promotes the Company's sustainable development, and unanimously agreed to the 2023 operating budget. 2. All members unanimously agreed to adjust the Company's organizational structure.		
Strategy and M&A Committee of Board of Directors	Wan Feng, Cheng Haijin, Liu Jidi	10	April 21, 2023	Review the 2022 Strategy and M&A Committee Work Report, Proposal on the Selection of the 2022 Strategic Performance Award, Proposal on the Acquisition and Capital Increase of 80% Equity of Guangdong Neway Quality Technology Service Co., Ltd., Proposal on	1. All members believe that the 2022 Strategy and M&A Committee has played an effective role in improving the Company's investment decision-making procedures, improving the efficiency and quality of major investment decisions, and improving the company governance	None	None

				<p><i>the Investment in the Establishment of CTI Metrology and Testing (Jinan) Co., Ltd., Proposal on the Subsidiary's Capital Increase and Equity Participation in Xipai Technology (Nanjing) Co., Ltd., and Proposal on the Internal Allocation of Subsidiary Equity and Subsidiary Capital Increase</i></p>	<p>structure, and unanimously agreed with the decision made by the Chairman of the Strategy and M&A Committee Work Report of the 2022 Strategy and M&A Committee.</p> <p>2. All members reviewed and approved the selection results of the 2022 Strategic Performance Award.</p> <p>3. All members unanimously agreed to transfer 71.43% equity of the original shareholders, and at the same time, increase the capital to obtain 8.57% equity of Guangdong Neway, and finally obtained 80% equity of Guangdong Neway.</p> <p>4. All members unanimously agreed that CTI Metrology Investment will establish a wholly-owned subsidiary,</p>		
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					<p>CTI Metrology and Testing (Jinan) Co., Ltd. 5. All members unanimously agreed that CTI Metrology will increase its capital in Xipai Technology. After the capital increase, the registered capital of Xipai Technology will be CNY 30 million, of which the Company will account for 82.38% equity of Xipai Technology and CTI Metrology will account for 17.62% equity of Xipai Technology after the capital increase. 6. All members agreed that the Company will increase its capital in its wholly-owned sub-subsidiary CTI Certification Co., Ltd. by holding 51% equity of Jinsheng Environment. Upon</p>		
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					completion of the capital increase, the registered capital of CTI Certification will increase from the original CNY 50 million to CNY 84.96 million, and CTI Certification will hold 51% equity of Jinsheng Environment.		
Strategy and M&A Committee of Board of Directors	Wan Feng, Cheng Haijin, Liu Jidi	10	May 22, 2023	Review the <i>Proposal on Investment and Establishment of Shanghai CTI Zhian Joint Venture</i>	The Company's holding subsidiary Shanghai CTI Pinchuang Medical Testing Co., Ltd. plans to establish a joint venture Shanghai CTI Zhian Clinic Co., Ltd. with its partner Guo Juntao with a registered capital of CNY 5 million. The 1-phase paid-in capital of CTI Pharmaceuticals was CNY 3.6 million, and the paid-in capital contribution was CNY 1.4 million. The establishment of a joint venture with	None	None

					partners this time can give full play to their respective advantages, which is conducive to the Company's expansion of occupational health examination business in Shanghai and is in line with the Company's overall interests. All members unanimously agreed to establish a joint venture.		
Strategy and M&A Committee of Board of Directors	Wan Feng, Cheng Haijin, Liu Jidi	10	July 10, 2023	Review the <i>Proposal on Acquiring 52% Equity of Anhui Fengxue Network Security Assessment Co., Ltd.</i>	With 2 votes in favor and 1 abstention, the Company reviewed and approved the acquisition of 52% equity of Anhui Fengxue Network Security Assessment Co., Ltd. The Company officially entered the security assessment track through the acquisition of Anhui Fengxue, saving time in building its own team and obtaining qualifications	None	None

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Strategy and M&A Committee of Board of Directors	Wan Feng, Cheng Haijin, Liu Jidi	10	July 13, 2023	Review the <i>Proposal on Change of a Wholly-Owned Subsidiary into a Wholly-Owned Subsidiary</i>	In order to better implement its overseas development strategy, all committee members unanimously agreed that its wholly-owned subsidiary CTI Holding (Hong Kong) Co., Ltd. will transfer its 100% equity of CENTRE TESTING INTERNATIONAL PTE. LTD. to the Company. Upon completion of the transfer, the Company's wholly-owned sub-subsidiary, Singapore CTI, was changed into a wholly-owned subsidiary.	None	None
Strategy and M&A Committee of Board of Directors	Wan Feng, Cheng Haijin, Liu Jidi	10	July 18, 2023	Review the <i>Proposal on the 21.71% Equity of Beijing Zhuoshi Network Security Technology Co., Ltd.</i>	With 2 votes in favor and 1 abstention, the Company reviewed and approved the acquisition of 21.71% equity of Beijing Zhuoshi Network Security Technology Co., Ltd. Zhuoshi	None	None

					Network Security has been deeply involved in the field of information security testing and evaluation in the power industry for years and has obvious advantages and competitiveness. The Company has become a minority shareholder and appointed directors, which is conducive to further understanding the industry and accumulating its own industry experience.		
Strategy and M&A Committee of Board of Directors	Wan Feng, Cheng Haijin, Liu Jidi	10	August 28, 2023	Review the <i>Proposal on the Establishment of CTI Medical Device Technology Services (Shenzhen) Co., Ltd.</i>	All members unanimously agreed to establish CTI Medical Device Technology Service (Shenzhen) Co., Ltd.	None	None
Strategy and M&A Committee of Board of Directors	Wan Feng, Cheng Haijin, Liu Jidi	10	September 8, 2023	Review the <i>Proposal on Cancellation of the Equity Transfer of Subsidiaries and the Establishment of a Wholly-Owned</i>	In order to better implement the Company's overseas development strategy, the 6th Meeting of the 6th	None	None

				<p><i>Subsidiary</i></p>	<p>Board of Directors' strategy and M&A committee reviewed and approved the <i>Proposal on Changing a Wholly-Owned Subsidiary into a Wholly-Owned Subsidiary</i>. The wholly-owned subsidiary CTI Holdings (Hong Kong) Co., Ltd. planned to transfer its wholly-owned 100% equity in CENTRE TESTING INTERNATIONAL PTE.LTD. to the Company. As the Shenzhen Municipal Bureau of Commerce and Shenzhen Municipal Development and Reform Commission, the overseas investment regulatory institutions, are unable to review and approve the overseas acquisitions involved in</p>		
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					the Group's internal restructuring, all committee members unanimously agreed that the Company will cancel the implementation of the above proposal and instead establish a wholly-owned subsidiary in Singapore.		
Strategy and M&A Committee of Board of Directors	Wan Feng, Cheng Haijin, Liu Jidi	10	September 21, 2023	Review the Proposal on <i>Proposal on Reducing the Registered Capital and Changing the Equity of the Holding Subsidiary</i>	All members unanimously agreed to reduce the capital and change the equity of the holding subsidiary CTI Data Certification and Testing (Shenzhen) Co., Ltd.	None	None
Strategy and M&A Committee of Board of Directors	Wan Feng, Cheng Haijin, Qi Guancheng	5	October 27, 2023	Review the Company's 2022 TCFD Report	All members carefully reviewed the <i>Company's 2022 TCFD Report</i> and believed that the report can help investors, governments, employees and other stakeholders understand the Company's climate information, thereby achieving	None	None

					more reasonable and effective capital allocation, and ultimately achieving the global goal and vision of low-carbon social transformation and controlling the temperature rise of 1.5°C.		
Strategy and M&A Committee of Board of Directors	Wan Feng, Cheng Haijin, Qi Guancheng	5	November 6, 2023	Review the <i>Proposal on the Repurchase of Minority Shareholders' Equity Interests of Shanghai CTI Zhike Materials Technology Co., Ltd.</i>	In order to further strengthen the management and control of Shanghai Zhike, all committee members unanimously agreed that the Company will acquire the 30% equity of Shanghai Zhike held by Shanghai Shenghui Material Technology Co., Ltd. at the original price of CNY 3 million. The registered capital of Shanghai Zhike is CNY 10 million, which has been fully paid up. Upon	None	None

					completion of the above equity transfer, the Company will hold 100% equity of Shanghai Zhike.		
Strategy and M&A Committee of Board of Directors	Wan Feng, Cheng Haijin, Qi Guancheng	5	November 13, 2023	Review the <i>Proposal on Subsidiary's Capital Increase in Guizhou CTI Testing Technology Co., Ltd.</i>	The Company's digitization product line plans to apply for a "Commercial Cryptography Application Security Assessment Institution" in Guizhou. In order to meet the requirement of a registered capital of more than CNY 10 million for applying for a commercial cryptography testing institution, all committee members unanimously agreed that the Company's subsidiary Southern Pinbiao CTI Testing (Shenzhen) Co., Ltd. will increase the subscribed registered capital of its sub-subsidiary Guizhou CTI	None	None

					Testing Technology Co., Ltd. by CNY 5 million.		
Strategy and M&A Committee of Board of Directors	Wan Feng, Cheng Haijin, Qi Guancheng	5	December 14, 2023	Review the <i>Proposal on Increasing the Capital of IMAT-UVE GMBH, Proposal on Investing in the Establishment of CTI Pinbiao Energy Metering and Testing (Beijing) Co., Ltd., Proposal on Adjustment of the Company's Organizational Structure, and Proposal on Revision of the Company's ESG Management System.</i>	1、 In order to supplement the operating funds of <i>IMAT-UVE GMBH</i> and meet the needs of future expansion and development, all members unanimously agreed that the Company and external shareholders would increase capital by EUR 6.84 million and EUR 760,000 respectively according to their shareholding ratio, with a total capital increase of EUR 7.6 million. The capital increase was fully included in the capital reserve, without any addition to the registered capital. 2. In order to expand the gas energy quality testing and	None	None

					<p>energy metrology business, with 2 votes in favor and 1 abstention, the Company and its partners established a joint venture with a registered capital of CNY 10 million, of which the Company subscribed CNY 5.1 million, accounting for 10% of the joint venture. 51% of the total share capital; the partner Qingdao Tianhua Jingce Information Technology Service Partnership (Limited Partnership) (hereinafter referred to as the "Partnership") subscribed for CNY 3.9 million, accounting for 39% of the total share capital of the joint venture; the partner Jiang Tao subscribed CNY 1 million, accounting</p>		
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					<p>for 10% of the total share capital of the joint venture.</p> <p>3. All members unanimously agreed to make partial adjustments to the Company's current organizational structure. The adjustment of the organizational structure is that of the internal management of the Company, and the adjusted organizational structure is clearer and more efficient in terms of authorization and functions, and will not have a significant impact on its production and operation activities.</p> <p>4. In order to comprehensively ensure quality and safety, promote compliance and innovation, demonstrate brand competitiveness</p>		
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					ess, and achieve higher quality, healthier, safer and greener development, all members of the Company unanimously agreed to revise its original <i>Environmental, Social and Governance (ESG) Management System</i> into the <i>ESG and Climate Change Management System</i> , and incorporate climate change into strategic issues, so as to achieve sustainable development by incorporating strategic considerations and institutional constraints on ESG and climate change into all its business activities.		
Strategy and M&A Committee of Board of Directors	Wan Feng, Cheng Haijin, Qi Guancheng	5	December 18, 2023	Review the proposal for the Hong Kong subsidiary to acquire 55% of the	Acquire 55% equity of Hong Kong target company upon review and approval	None	None

				equities in the Hong Kong target company	with 2 votes in favor and 1 abstention.		
Audit Committee of Board of Directors	Cheng Haijin, Liu Jidi, Liu Zhiquan	5	January 13, 2023	Review the <i>Proposal on Appointment of the Chief Internal Auditor</i>	The Audit Committee unanimously agreed to the above proposal.	None	None
Audit Committee of Board of Directors	Cheng Haijin, Liu Jidi, Liu Zhiquan	5	February 13, 2023	Review the <i>Internal Audit Department's Work Summary for Q4 of 2022, Internal Audit Department's Work Plan for Q1 of 2023, Internal Audit Department's Review Opinions on the Company's Use of Funds Raised in Q4 of 2022, and Examination Report on Major Matters of the Company in the Second Half of 2022</i>	The Audit Committee unanimously agreed to the above proposal.	None	None
Audit Committee of Board of Directors	Cheng Haijin, Liu Jidi, Liu Zhiquan	5	April 21, 2023	Review the <i>Report on the Work of the Audit Committee for 2022, Full Text and Abstract of Annual Report for 2022, Full Text in Q1 of 2023, Self-Evaluation Report of</i>	The Audit Committee unanimously agreed to the above proposals and agreed with the problems and rectification suggestions found by the Company's Internal Audit	None	None

				<i>Internal Control for 2022, Proposal on Renewal of the Company's Audit Institution for 2023, Internal Audit Report of Dalian Huaxin Physical and Chemical Testing Center Co., Ltd., Work Summary of Internal Audit Department in Q1 of 2023 and Work Plan of Internal Audit Department in Q2 of 2023.</i>	Department in the audit of subsidiaries.		
Audit Committee of Board of Directors	Cheng Haijin, Liu Jidi, Liu Zhiquan	5	May 31, 2023	Review the <i>Proposal on Appointment of the Chief Internal Auditor</i>	The Audit Committee unanimously agreed to the above proposal.	None	None
Audit Committee of Board of Directors	Cheng Haijin, Liu Jidi, Liu Zhiquan	5	August 7, 2023	Review the <i>Audit Report on Internal Compliance of CTI Group, Investigation Report on the Misappropriation of Company's Property by Chengdu Administrative Employees Using Functional Facilities,</i>	The Audit Committee unanimously agreed to the above proposals and agreed with the problems and rectification suggestions found by the Company's Internal Audit Department in the audit of	None	None

				<i>Work Summary of Internal Audit Department in Q2 of 2023, Work Plan of Internal Audit Department in Q3 of 2023, and Full Text and Abstract of Semi-Annual Report for 2023.</i>	subsidiaries.		
Audit Committee of Board of Directors	Cheng Haijin, Wan Feng, Liu Zhiquan	2	October 24, 2023	Review the <i>Full Text of the Q3 Report in 2023, Work Summary of Internal Audit Department in Q3 of 2023, and Work Plan of Internal Audit Department in Q4 of 2023</i>	The Audit Committee unanimously agreed to the above proposal.	None	None
Audit Committee of Board of Directors	Cheng Haijin, Wan Feng, Liu Zhiquan	2	December 14, 2023	Review the <i>Proposal on Revision of the Audit Committee's Working Rules and Proposal on Change of Accounting Firm</i>	The Audit Committee unanimously agreed to the above proposal.	None	None
Remuneration Assessment and Nomination Committee of Board of Directors	Zeng Fanli, Wan Feng, Cheng Haijin	5	January 13, 2023	Review the <i>Proposal on Nominating Candidates for Executives</i>	The Compensation Assessment and Nomination Committee unanimously agreed the above	None	None

					proposal.		
Remuneration Assessment and Nomination Committee of Board of Directors	Zeng Fanli, Wan Feng, Cheng Haijin	5	February 27, 2023	Review of the <i>Proposal on Basic Profit for Executive Bonus Assessment in 2022</i>	The Compensation Assessment and Nomination Committee unanimously agreed the above proposal.	None	None
Remuneration Assessment and Nomination Committee of Board of Directors	Zeng Fanli, Wan Feng, Cheng Haijin	5	April 21, 2023	Review the 2022 <i>Compensation Assessment and Nomination Committee Work Report, Proposal on the 2022 Executive Bonus Distribution Results, Proposal on the 2023 Executive Basic Compensation Plan, Proposal on Special Welfare Approved by the Chairman, Revision of Proposal on the <Executive Bonus Assessment System>, and Proposal on Amendment of the <Executive Welfare Management System></i>	The Compensation Assessment and Nomination Committee unanimously agreed the above proposal.	None	None
Remuneration Assessment and Nomination	Zeng Fanli, Wan Feng, Cheng Haijin	5	July 4, 2023	Review the <i>Proposal on Transfer of Partnership</i>	The Compensation Assessment and	None	None

Committee of Board of Directors				<i>Property Shares</i>	Nomination Committee unanimously agreed the above proposal.		
Remuneration Assessment and Nomination Committee of Board of Directors	Zeng Fanli, Wan Feng, Cheng Haijin	5	September 25, 2023	Review the Proposal on Nomination of Director Candidates for the 6th Board of Directors	The Compensation Assessment and Nomination Committee unanimously agreed the above proposal.	None	None

X. Work of Board of Supervisors

Whether the Board of Supervisors found any risks in the Company during its supervisory activities during the reporting period

Yes No

The Supervisory Committee had no objection to the supervisory matters during the reporting period.

XI. Company employees

1. Number of employees, professional composition and education background

Number of active employees of the parent company at the end of the reporting period (person)	2,030
Number of active employees of major subsidiaries at the end of the reporting period (person)	10,991
Total number of active employees at the end of the reporting period (person)	13,021
Total number of employees receiving compensation in the current period (person)	13,021
Number of retired employees whose expenses need to be borne by the parent company and major subsidiaries (person)	62
Professional composition	
Professional composition category	Number of professionals (person)
Production staff	3,865
Sales staff	2,894
Technical staff	5,541
Financial staff	203
Administration staff	518
Total	13,021
Education background	
Education background category	Number (person)

Master's degree and above	40
Master's degree	1,096
Bachelor's degree	6,356
College's degree and below	5,529
Total	13,021

2. Compensation policy

The Company's compensation policy adheres to the basic principle of matching compensation with position value, while taking into account differentiated treatment of technical capabilities. Based on the employee's position grade, the Company determines the salary grade of employees at a given position grade through comprehensive evaluation of the employees. In addition, the Company will determine the employee's overall income based on the his/her position, the performance of the employee's department and his/her own performance. The Company will adjust employee's positions every year and also recruit employees externally. In order to ensure that the Company's overall salary level is consistent with the level of the external talent market, the Company's HR Department will also collect industry and regional salary data from time to time as a reference to make corresponding adjustments.

3. Training plan

After a demand survey, each department of the Company prepares annual training plans for each department based on the actual needs of the department. For general and management training involving multiple departments and subsidiaries, the human resources department will match training resources and open corresponding public courses. Every year, the HR Department carries out targeted management talent training projects at all levels based on the training needs of managers, and organizes and implements them after approval by the Company.

4. Labor outsourcing

Applicable Not applicable

Total time of labor outsourcing (hours)	333,026
Total compensation paid for labor outsourcing (CNY)	13,950,723.00

XII. Company profit distribution and capital reserve conversion into share capital

Profit distribution policy during the reporting period, especially the formulation, implementation or adjustment of cash dividend policy

Applicable Not applicable

The 2022 profit distribution plan was reviewed at the Company's 2022 Annual General Meeting held on May 15, 2023: Based on the existing total share capital of 1,682,828,214 shares, excluding the 1,679,828,214 shares that have been repurchased 3,000,000 shares, a cash dividend of CNY 0.6 (tax included) was distributed to all shareholders for every 10 shares, 0 bonus share was given, and capital reserve funds were used to pay all shareholders for every 10 shares. 10 shares were converted into 0 shares, with a total distribution of CNY 100,789,692.84. On May 25, 2023, the Company implemented the above distribution plan.

The Company's 2022 *Profit Distribution Plan* is strictly implemented in accordance with the cash dividend policy in its *Articles of Association* and *Shareholder Dividend Return Plan for the Next 3 Years*. During the reporting period, the formulation

and implementation of the Company's cash dividend policy complied with the provisions of the Company's Articles of Association, the dividend standards and ratios were clear, the relevant decision-making procedures were complete, the independent directors performed their duties diligently and expressed independent opinions, and fully protected the legitimate rights and interests of small and medium shareholders.

Special explanation of cash dividend policy	
Whether it complies with the provisions of the Company's Articles of Association or requirements of the General Meeting of Shareholders resolution:	Yes
Are the dividend standards and proportions clear and distinct:	Yes
Are the relevant decision-making procedures and mechanisms complete?	Yes
Whether independent directors have performed their duties and played their due role:	Yes
If a company does not distribute cash dividends, it should disclose the specific reasons and the measures it intends to take to enhance the level of investor returns:	Not applicable
Do minority shareholders have sufficient opportunities to express their opinions and demands, and whether their legitimate rights and interests are fully protected:	Yes
If the cash dividend policy is adjusted or changed, are the conditions and procedures compliant and transparent?	Yes

The Company's profit distribution plan for the reporting period and capital reserve conversion plan are consistent with the relevant provisions of the Company's Articles of Association and dividend management measures.

Yes No Not applicable

The Company's profit distribution plan for the reporting period and capital reserve conversion plan are consistent with the relevant provisions of the Company's Articles of Association and other provisions.

Profit distribution and capitalization of capital reserve in the current year

Bonus per 10 shares (shares)	0
Dividend per 10 shares (CNY) (tax included)	1
Conversion per 10 shares	0
Equity base of the distribution plan (shares)	1,674,927,114
Cash dividend amount (CNY) (tax included)	167,492,711.40
Amount of cash dividends distributed in other ways (such as share repurchase) (CNY)	83,803,862.08
Total cash dividends (including other methods) (CNY)	251,296,573.48
Distributable profit (CNY)	2,379,271,344.03
Ratio of total cash dividends (including other forms) to total profit distribution	100.00%
Cash dividend distribution this time	
If the Company is in the growth stage and has major capital expenditure arrangements, the proportion of cash dividends in this profit distribution should be at least 20% in profit distribution.	
Detailed explanation of profit distribution or capital reserve conversion plan	
After auditing by Beijing Da Hua Certified Public Accountants LLP (Special General Partnership), the parent company achieved a net profit of CNY 758,383,941.07 in 2023, and appropriated 10% of the parent company's net profit in 2023 to a statutory surplus reserve fund of CNY 75,838,394.11, plus undistributed profits of CNY 1,797,515,489.91 at the beginning of the	

year, deducting the 2022 cash dividend of CNY 100,789,692.84 (tax included), as of December 31, 2023, the parent company's distributable profit was CNY 2,379,271,344.03.

The Company's profit distribution plan for 2023: Based on the total share capital that can participate in profit distribution on the equity registration date when the company implements the profit distribution plan (excluding shares in the special securities account for repurchase), a cash dividend of CNY 1 yuan (tax included) will be distributed to all shareholders for every 10 shares, and 0 bonus shares will be given, the capital reserve fund will be used to transfer 0 shares to all shareholders for every 10 shares. From the announcement of this profit distribution plan to before its implementation, if the Company's total share capital participating in dividend distribution changes due to share repurchase, equity incentives, Employee Share Ownership Plans, etc., the distribution ratio will remain unchanged in the future. In the plan, the total share capital of the companies participating in dividend distribution on the equity registration date will be used as the base for profit distribution, and the total amount of dividends will be adjusted accordingly. The Company expects that the total distribution will not exceed the distributable profits on the financial statements.

The total cash distribution of CNY 167,492,711.40 is now tentatively measured on the basis of the total share capital of 1,682,828,214 shares as of March 31, 2024, less the number of shares of 1,674,927,114 shares after deducting 7,901,100 shares of the share repurchase in the special securities account. According to the rules, the Company's cash repurchase of shares is deemed to be a cash dividend. In 2023, the Company repurchased 4,877,700 shares of the Company's share by means of centralized bidding, and the amount of the repurchase was CNY 83,803,862.08, and the funds used for this part of the repurchase were regarded as the Company's cash dividend for 2023. Therefore, the Company's total cash dividends in 2023 will be CNY 251,296,573.48 (tax included), accounting for 27.61% of the Company's net profit attributable to shareholders of the parent company in 2023.

The Company made profits during the reporting period and the parent company's profits available for distribution to shareholders were positive but no cash dividend distribution plan was proposed

Applicable Not applicable

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

Applicable Not applicable

1. Equity incentives

During the reporting period, no equity incentives were implemented.

Equity incentives for directors and executives

Applicable Not applicable

Assessment mechanism and incentives for executives

All executives of the Company are appointed by the Board of Directors. The appointment of executives is open and transparent and complies with laws and regulations. Executives are directly responsible to the Board of Directors and undertake the operating indicators issued by the Board of Directors. The Company has established an effective incentive and restraint mechanism to encourage senior managers to work diligently and responsibly, and strive to improve the level of operation and management and business performance. The work performance of senior managers is directly linked to their income, and is assessed based on its set goals and actual task completion. The Compensation Assessment and Nomination Committee under the Company's Board of Directors is responsible for conducting year-end evaluations of the Company's directors and executives on their fulfillment of responsibility goals, work abilities, and performance of duties. During the reporting period, the salary and performance assessment management system for executives was implemented well.

2. Implementation of employee share ownership plan

Applicable Not applicable

All effective employee share ownership plans during the reporting period

Scope of employees	Number of employees	Total number of shares held (shares)	Change	Proportion of total share capital of the listed company	Capital source for implementation of the plan
The First Employee Share Ownership Plan: Directors of the Company and its subsidiaries (excluding independent directors), executives, management and technical backbone personnel	62	3,670,000	1. The Company held the 1st Extraordinary General Meeting of Shareholders in 2017 on June 19, 2017, and reviewed and approved the <i>First Employee Share Ownership Plan (Draft) and Summary of Centre Testing International Group Co., Ltd.</i> 2. On May 17, 2019, the Board of Directors of the Company reviewed and approved the <i>Proposal on Extension and Change of the Company's First Employee Share Purchase Plan</i> and other proposals, and decided to adjust the number of holders, the list of persons and the distribution of shares of the Employee Share Purchase Plan. 3. On June 18, 2021, the Company held the First Employee Share Ownership Plan holders meeting and the 16th Meeting of the 5th Board of Directors, and	0.22%	Self-raised funds of employees and compensated loans provided by major shareholders

			<p>reviewed and approved the <i>Proposal on Extension of the First Employee Share Ownership Plan</i>, agreeing to extend the duration of the Company's First Employee Share Ownership Plan by 24 months, that is, to August 18, 2023. 4. On December 8, 2021, the Company held the first shareholders meeting to review and approve the <i>Proposal on Adjustment of First Employee Share Ownership Plan</i>. On December 13, 2021, the Company held the 20th Meeting of the 5th Board of Directors and the 5th Board of Supervisors reviewed and approved the <i>Proposal on Revision of the Draft and Management Measures of the First Employee Share Ownership Plan</i> for the 18th time, and decided to adjust the number of holders, personnel list and share distribution of this Employee Share Ownership Plan. 5. On March 14, 2022, the First Employee Share Ownership Plan holders meeting reviewed and approved the</p>		
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			<p><i>Proposal on Adjustment of the First Employee Share Ownership Plan</i>, agreeing to transfer 442,235 Employee Share Ownership Plan shares held by the resigned employee Lu Guocai, corresponding to 68,635 shares of the Company's tradable shares, to Feng Yongying and Deng Shiguo respectively, with each receiving half of the shares. 6. On July 4, 2023, the First Employee Share Ownership Plan holders' meeting reviewed and approved the <i>Proposal on Extension and Change of the First Employee Share Ownership Plan</i> and <i>Proposal on Revision of Draft and Management Measures of the First Employee Share Ownership Plan</i>. The Company extended the First Employee Share Ownership Plan, and meanwhile made changes to the list of holders and shares of the First Employee Share Ownership Plan, and revised the corresponding contents in the <i>Draft and Summary of the First Employee Share Ownership</i></p>	
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			<i>Plan of Centre Testing & Certification Group Co., Ltd. and Management Measures for the First Employee Share Ownership Plan of Centre Testing & Certification Group Co., Ltd.</i>		
The Second Employee Share Ownership Plan: Directors of the Company and its subsidiaries (excluding independent directors), executives, management and technical backbone personnel	22	1,424,500	1. The Company held the 1st Extraordinary General Meeting of Shareholders of 2018 on August 8, 2018, and reviewed and approved the <i>Second Employee Share Ownership Plan (Draft) and Summary of Centre Testing International Group Co., Ltd.</i> 2. On October 9, 2018, the Company held the 19th Meeting of the 4th Board of Directors and the 15th Meeting of the 4th Board of Supervisors to review and approve the <i>Proposal on Revision of Second Employee Share Ownership Plan of China Testing International Group Co., Ltd. (Draft) and Its Abstract, Proposal on Revision of the Management Measures for the Second Employee Share Ownership Plan of China Testing</i>	0.08%	Self-raised funds of employees and compensated loans provided by major shareholders

			<p><i>International Group Co., Ltd.</i> and other proposals. 3. On November 9, 2020, the Company held the Second Employee Share Ownership Plan holders meeting and the 9th Meeting of the 5th Board of Directors, and reviewed and approved the Proposal on Extension of the Second Employee Share Ownership Plan, agreeing to extend the duration of the Company's Second Employee Share Ownership Plan by 24 months, that is, to December 10, 2022.</p> <p>4. On December 8, 2021, the Company's 2nd General Meeting of Shareholders reviewed and approved the Proposal on Adjustment of the Second Employee Share Ownership Plan. On December 13, 2021, the 20th Meeting of the 5th Board of Directors reviewed and approved the Proposal on Revision of the Draft Second Employee Share Ownership Plan and Management Measures. Related directors abstained from voting. 5. On</p>		
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			<p>November 8, 2022, the Company held the Second Employee Share Ownership Plan holders meeting and the 30th Meeting of the 5th Board of Directors, and reviewed and approved the Proposal on Extension of the Second Employee Share Ownership Plan, agreeing to extend the duration of the Company's Second Employee Share Ownership Plan by 24 months, that is, to December 10, 2024.</p> <p>6. On November 18, 2022, the Second Employee Share Purchase Plan holders meeting reviewed and approved the <i>Proposal on Adjustment of the First Employee Share Purchase Plan</i>, agreeing to transfer the 446,170 shares of the Plan held by the original holder Guo Lin, which corresponded to 71,225 shares of the Company's floatable shares in equal shares to Chai Yongzhi, Wen Ship, and Dong Huimin, respectively, with each of them to receive one-third of the shares transferred. 22 holders of the</p>	
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			<p>Second Employee Share Ownership Plan, holding 1.4245 million shares of the Company.</p> <p>7. On July 4, 2023, the General Meeting of Shareholders of Second Employee Share Ownership Plan reviewed and approved the <i>Proposal on Adjustment of the Management Model of Second Employee Share Ownership Plan</i>, agreeing to adjust the management model of Second Employee Share Ownership Plan from entrusted management by Guosen Securities Co., Ltd. to self-management by the Company.</p>		
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Shares held by directors, supervisors and executives in employee share ownership plans during the reporting period

Name	Position	Number of shares held at the beginning of the reporting period (shares)	Number of shares held at the end of the reporting period (shares)	Proportion of total share capital of the listed company
Xu Jiang (First Employee Share Ownership Plan)	Vice President	68,635	68,635	0.0041%
Li Fengyong (First Employee Share Ownership Plan)	Vice President	68,635	68,635	0.0041%
Wang Hao (First Employee Share Ownership Plan)	Vice President	68,635	68,635	0.0041%
Zeng Xiaohu (First Phase Employee Share Ownership Plan)	Vice President	61,510	61,510	0.0037%
Xu Jiang (Second Employee Share Ownership Plan)	Vice President	71,225	71,225	0.0042%
Zhou Lu (Second Employee Share Ownership Plan)	Vice President	71,225	71,225	0.0042%
Jiang Hua (First Employee Share Ownership Plan)	Vice President	0	52,580	0.0031%

Employee Share Ownership Plan)				
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Changes in asset management institutions during the reporting period

Applicable Not applicable

On July 4, 2023, the General Meeting of Shareholders of Second Employee Share Ownership Plan reviewed and approved the Proposal on Adjustment of the Management Model of Second Employee Share Ownership Plan, agreeing to adjust the management model of Second Employee Share Ownership Plan from entrusted management by Guosen Securities Co., Ltd. to self-management by the Company.

Changes in equity caused by holders' disposal of shares during the reporting period

Applicable Not applicable

Since Ms. Chen Fang has resigned, she does not meet the conditions for participation in the First Employee Share Ownership Plan and needs to withdraw from the First Employee Share Ownership Plan. In addition, according to the implementation of the First Employee Stock Purchase Plan, 8 holders, including Zhu Dandan and Chen Dinghua, intend to withdraw from all or part of their shares, and 8 new persons, including Jiang Hua and Li Junchao, are to be assigned the reduced shares of the First Employee Stock Purchase Plan by the above holders.

Exercise of shareholders' rights during the reporting period

During the reporting period, the Employee Share Ownership Plan authorized the administrator to vote on the Company's General Meeting of Shareholders, and the voting result was in favor.

Other relevant situations and explanations of Employee Share Ownership Plan during the reporting period

Applicable Not applicable

Change in membership of the Employee Share Ownership Plan Management Committee

Applicable Not applicable

Financial impact of Employee Share Ownership Plan on the listed company during the reporting period and related accounting treatments

Applicable Not applicable

Termination of Employee Share Ownership Plan during the reporting period

Applicable Not applicable

Other Notes:

None

3. Other employee incentives

Applicable Not applicable

The 20th Meeting of the 5th Board of Directors of the Company, the 18th Meeting of the 5th Board Of Supervisors, and the 2nd Extraordinary General Meeting of Shareholders in 2021 reviewed and approved the *Proposal on the Subsidiary's Implementation of Capital Increase and Share Expansion and Related Transactions*, agreeing to the subsidiary's Shanghai CTI

Pinchuang Medical Testing Co., Ltd. (hereinafter referred to as “CTI Pharmaceuticals”) increased its capital and shares at a price of CNY 4.50/registered capital (i.e. pre-investment valuation of CNY 1,437.957 million). The total investment of the Employee Share Ownership Plan, the management share ownership platform and Mr. Wan Feng, chairman of Board of Directors, should not exceed CNY 290.043 million. On December 20, 2022, the capital increase and share expansion of CTI Pharmaceuticals and related transactions were completed. The total actual amount paid by relevant entities involved in the capital increase and share expansion of CTI Pharmaceuticals was CNY 246.18 million, accounting for 84.88% of the planned capital increase of CNY 290.043 million. The capital increase amount was within the scope of the capital increase and share expansion plan of CTI Pharmaceuticals approved by the General Meeting of Shareholders. Upon completion of the capital increase, the registered capital of CTI Pharmaceuticals increased from CNY 319.546 million to CNY 374.2526 million, and the equity ratio of CTI Pharmaceuticals held by CTI changed from 100% to 85.38%. For details, refer to the *Announcement on the Implementation of Capital Increase and Share Expansion and Related Party Transactions of Subsidiaries* (No. 2021-074), *Announcement on the Implementation of Capital Increase and Share Expansion and Related Party Transactions of Subsidiaries* (No. 2022-048) and *Implementation of Capital Increase of Subsidiaries, Announcement on Completion of Registration of Industrial and Commercial Change for Share Expansion and Related Transactions* (No. 2022-085) disclosed by the Company at www.cninfo.com.cn. During the reporting period, CTI Pharmaceuticals’ production and business operations were normal.

XIV. Construction and implementation of internal control system during the reporting period

1. Internal control construction and implementation

In accordance with the internal control supervision requirements, combined with the Company’s internal control system and evaluation methods, on the basis of daily internal control supervision and special supervision, the Company continuously improves and optimizes the internal control system to adapt to the ever-changing external environment and internal management requirements. The Company’s Board of Directors, in accordance with the provisions of the enterprise’s internal control normative system, establishes, improves and effectively implements internal control, evaluates its effectiveness, and truthfully discloses the internal control evaluation report. The Board of Supervisors supervises the establishment and implementation of internal controls. The management is responsible for organizing and leading the daily operation of the Company’s internal control. The Company’s Board of Directors has established an Audit Committee, which oversees and deliberates on its periodic reports, internal control reports and other major matters, and reports to the Board of Directors. The Company, through the internal control risk module, in the course of special inspections and internal audits of the units included in the scope of evaluation, found that there were some defects in the internal control of individual units within the scope of evaluation, and has now taken effective measures to rectify the units with internal control problems in a timely manner; at the same time, it has carried out a comprehensive assessment of the other units, in order to prevent the reoccurrence of similar risks. Therefore, the internal control system that the Company has established does not have major flaws in terms of completeness, compliance, and effectiveness.

2. Specific conditions of major internal control deficiencies found during the reporting period

Yes No

XV. Management and control of the Company’s subsidiaries during the reporting period

Company name	Integration plan	Integration	Issues encountered	Solutions taken	Solution	Subsequent
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		progress	during integration		progress	solution plan
Shaanxi Huabang Testing Service Co., Ltd.	It will be included in the scope of consolidated financial statements in 2023, and the integration of financial, IT and HR functional departments will be completed; the integration of operations, technical capabilities and sales will be completed, and business collaboration will be completed.	Completed	None	None	None	None
CTI VESP Testing Technology Co., Ltd.	It will be included in the scope of consolidated financial statements in 2023 to complete the integration of company governance, HR, finance, and IT businesses.	Completed	None	None	None	None
Xipai Technology (Nanjing) Co., Ltd.	It will be included in the scope of consolidated financial statements in 2023 to complete the integration of company governance, HR, finance, and IT businesses.	Completed	None	None	None	None
Guangzhou	It will be	Completed	None	None	None	None

Vectoring Pharmatech Co., Ltd.	included in the scope of consolidated financial statements in 2023 to complete the integration of company governance, HR, finance, and IT businesses.					
Guangdong Newway Quality Technology Service Co., Ltd.	It will be included in the scope of consolidated financial statements in 2023 to complete the integration of company governance, HR, finance, and IT businesses.	Completed	None	None	None	None
CTI Fengxue Testing Technology Co., Ltd.	It will be included in the scope of consolidated financial statements in 2023 to complete the integration of company governance, HR, finance, and IT businesses.	Completed	None	None	None	None

XVI. Internal control evaluation report or internal control audit report

1. Internal control evaluation report

Disclosure date of full text of internal control evaluation report	April 19, 2024
Disclosure index of full text of internal control evaluation report	http://www.cninfo.com.cn
The proportion of total assets of the units included in the evaluation scope to the total assets of the Company's	100.00%

consolidated financial statements		
The proportion of operating income of the units included in the evaluation scope to the operating income of the Company's consolidated financial statements	100.00%	
Defect identification standards		
Classification	Financial statements	Non-financial statements
Qualitative standards	Extensive damage, business interruption for more than 2 days/causing complete failure of process functionality	Constant media attention, loss of trust with business partners, loss of shareholder trust
Quantitative standards	>1 million	>1 million
Number of major deficiencies in financial statements	0	
Number of major deficiencies in non-financial statements	0	
Number of significant deficiencies in financial statements	0	
Number of significant deficiencies in non-financial statements	0	

2. Internal control audit report or attestation report

Internal control attestation report

The review opinion section in the internal control attestation report	
We believe that Centre Testing maintained effective internal controls related to the financial statements in all material aspects as of December 31, 2023 in accordance with the <i>Basic Standards for Enterprise Internal Control</i> and relevant regulations.	
Disclosure of internal control attestation reports	Disclosure
Disclosure date of full text of internal control attestation report	April 19, 2024
Internal control attestation report full text disclosure index	http://www.cninfo.com.cn
Internal control attestation report opinion type	Standard unqualified opinion
Whether there are any significant deficiencies in non-financial statements	No

Whether the accounting firm issues an internal control attestation report with a non-standard opinion

Yes No

Whether the internal control attestation report issued by the accounting firm is consistent with the self-assessment report of Board of Directors

Yes No

XVII. Correction of issues found in the self-examination of the special action on company governance of the listed company

The Company regularly checks the requirements of the *Notice of the CSRC on Carrying out Special Actions on the Governance of the Listed Company* (Securities Regulatory Commission Office No. 69) and carefully reviews its governance situation every 6 months according to the checklist. Through self-inspection, the Company has established a relatively sound modern enterprise system in accordance with regulations and formed a relatively complete company governance structure without

major omissions or other irregular behaviors. During the reporting period, the Company did not encounter any issues that required rectification.

Section 5 Environmental and Social Responsibility

I. Major environmental issues

Whether the listed company and its subsidiaries are key pollutant-discharging units announced by the environmental protection department

Yes No

Environmental protection related policies and industrial standards

1. Law of the People's Republic of China on Environmental Protection
2. Law of the People's Republic of China on Prevention and Control of Air Pollution
3. Law of the People's Republic of China on Water Pollution Prevention and Control
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 Assessment
7. Soil Pollution Prevention and Control Law of the People's Republic of China
8. Emergency Response Law of the People's Republic of China
9. Emergency Management Measures for Environmental Emergencies

Administrative licensing situation of environmental protection

1. Centre Testing International Group Co., Ltd. (Shenzhen) has obtained a pollutant discharge permit, date of issue: September 29, 2023, certificate No.: 91440300757618160G001X, validity period: September 28, 2028.

2. Suzhou CTI Testing Technology Co, Ltd, pollutant discharge registration permit method: registration receipt. Registration No.: 913205076720080800001X Valid until: June 27, 2025.

Industry emission standards and specific conditions of pollutant emissions involved in production and operation activities

Company or subsidiary name	Types of main pollutants and characteristic	Names of main pollutants and characteristic	Emission mode	Number of discharge outlets	Distribution of discharge outlets	Emission concentration/intensity	Implemented pollutant emission standards	Total emissions	Total approved emission	Excessive emission

	pollutants	pollutants								
Centre Testing International Group Co., Ltd. (Shenzhen)	Organic waste gas	Non-methane hydrocarbons	Organized emission	26	Rooftop	0.73mg/m ³	Guangdong air pollutant emission limit_D B4427-2001	0.1644	/	None
Centre Testing International Group Co., Ltd. (Shenzhen)	Inorganic waste gas	Hydrogen chloride	Organized emission	5	Rooftop	3.67mg/m ³	Guangdong air pollutant emission limit_D B4427-2001	0.586	/	None
Centre Testing International Group Co., Ltd. (Shenzhen)	Inorganic waste gas	Sulfuric acid mist	Organized emission	5	Rooftop	5.87mg/m ³	Guangdong air pollutant emission limit_D B4427-2001	0.398	/	None
Centre Testing International Group Co., Ltd. (Shenzhen)	Inorganic waste gas	NOx	Organized emission	5	Rooftop	5.1mg/m ³	Guangdong air pollutant emission limit_D B4427-2001	0.0413	/	None
Centre Testing International Group Co., Ltd. (Shenzhen)	Wastewater	PH	Standard emission after treatment	1	Rooftop	6.9	1. Water pollutant discharge limit (DB 44/26-20012); Wastewater quality standards for discharge to municipal sewers (GB/T 31962-2015)	—	—	None
Centre	Wastewater	SS	Standard	1	Next to	5mg/L	1. Water	0.00569	/	None

Testing International Group Co., Ltd. (Shenzhen)	ter		emission after treatment		the parking lot on the left side of the main entrance of CTI		pollutant discharge limit (DB 44/26-20012); Wastewater quality standards for discharge to municipal sewers (GB/T 31962-2015)			
Centre Testing International Group Co., Ltd. (Shenzhen)	Wastewater	COD	Standard emission after treatment	1	Next to the parking lot on the left side of the main entrance of CTI	11mg/L	1. Water pollutant discharge limit (DB 44/26-20012); Wastewater quality standards for discharge to municipal sewers (GB/T 31962-2015)	0.012518	/	None
Centre Testing International Group Co., Ltd. (Shenzhen)	Wastewater	TP	Standard emission after treatment	1	Next to the parking lot on the left side of the main entrance of CTI	0.03mg/L	1. Water pollutant discharge limit (DB 44/26-20012); Wastewater quality standards for discharge to municipal	0.00034	/	None

							sewers (GB/T 31962-2015)			
Centre Testing International Group Co., Ltd. (Shenzhen)	Wastewater	Ammonia nitrogen	Standard emission after treatment	1	Next to the parking lot on the left side of the main entrance of CTI	0.104mg/L	1. Water pollutant discharge limit (DB 44/26-20012); Wastewater quality standards for discharge to municipal sewers (GB/T 31962-2015)	0.00011	/	None
Centre Testing International Group Co., Ltd. (Shenzhen)	Wastewater	TN	Standard emission after treatment	1	Next to the parking lot on the left side of the main entrance of CTI	1.02mg/L	1. Water pollutant discharge limit (DB 44/26-20012); Wastewater quality standards for discharge to municipal sewers (GB/T 31962-2015)	0.00116	/	None
Suzhou CTI Testing Technology Co., Ltd.	Organic waste gas	VOCs	Organized emission	23	Rooftop	0.178mg/m ³	Integrated emission standard of air pollutants (GB 16297-1996)	0.0158	≤0.6546	None
Suzhou CTI	Inorganic waste	Hydrogen	Organized emission	3	Rooftop	Not detected	Integrated	/	≤0.0634	None

Testing Technology Co., Ltd.	gas	chloride	emission				emission standard of air pollutants (GB 16297-1996)			
Suzhou CTI Testing Technology Co., Ltd.	Inorganic waste gas	Sulfuric acid mist	Organized emission	7	Rooftop	5.78mg/m ³	Integrated emission standard of air pollutants (GB 16297-1996)	0.0568	≤0.105	None
Suzhou CTI Testing Technology Co., Ltd.	Inorganic waste gas	NOx	Organized emission	23	Rooftop	Not detected	Integrated emission standard of air pollutants (GB 16297-1996)	/	≤0.1053	None
Suzhou CTI Testing Technology Co., Ltd.	Wastewater	PH	Standard emission after treatment	1	Rooftop	7.2	Wastewater quality standards for discharge to municipal sewers (GB/T 31962-2015)	/	/	None
Suzhou CTI Testing Technology Co., Ltd.	Wastewater	SS	Standard emission after treatment	1	Southwest corner of the Company	38mg/L	Wastewater quality standards for discharge to municipal sewers (GB/T 31962-2015)	0.3665	≤3.8	None
Suzhou CTI Testing Technology Co., Ltd.	Wastewater	COD	Standard emission after treatment	1	Southwest corner of the Company	49mg/L	1. Water pollutant discharge limit	0.4726	≤1.1	None

ogy Co., Ltd.			t		y		(DB 44/26-20012); Wastewater quality standards for discharge to municipal sewers (GB/T 31962-2015)			
Suzhou CTI Testing Technology Co., Ltd.	Wastewater	TP	Standard emission after treatment	1	Southwest corner of the Company	3.09mg/L	Wastewater quality standards for discharge to municipal sewers (GB/T 31962-2015)	0.0298	≤0.08	None
Suzhou CTI Testing Technology Co., Ltd.	Wastewater	Ammonia nitrogen	Standard emission after treatment	1	Southwest corner of the Company	19.7mg/L	Wastewater quality standards for discharge to municipal sewers (GB/T 31962-2015)	0.1899	≤0.4	None
Suzhou CTI Testing Technology Co., Ltd.	Wastewater	TN	Standard emission after treatment	1	Southwest corner of the Company	28.7mg/L	Wastewater quality standards for discharge to municipal sewers (GB/T 31962-2015)	0.2768	/	None

Treatment of pollutants

Environmental protection measures	Centre Testing International Group Co., Ltd. (Shenzhen)	Suzhou CTI Testing Technology Co., Ltd.
Industrial wastewater treatment	After being collected and mixed, the wastewater is treated in a separate wastewater treatment facility using the chemical precipitation process.	After pre-treatment (biochemical, physical and chemical) by the factory wastewater treatment facilities, it is discharged into the municipal sewage network.
Industrial waste gas treatment	<p>1. Install a spray tower device for sulfuric acid mist and hydrogen chloride acid mist waste gas, and use alkali liquid to absorb it; the organic waste gas generated is collected by the laboratory fume hood and gas collecting hood and then treated.</p> <p>2. Activated carbon adsorption device for adsorption and absorption. The height of the exhaust pipe is about 50 m.</p>	<p>1. Soil grinding dust is collected, dusted with bags, and then discharged through a 25 m exhaust pipe;</p> <p>2. The volatile waste gas from laboratory chemical reagents is collected through the laboratory suction hood and suction hood, adsorbed by activated carbon, and then discharged through the exhaust pipe.</p>

Environmental self-monitoring plan

The company conducted annual pollutant monitoring in strict accordance with the requirements of emission permit/environmental impact assessment approval.

Emergency plan for environmental emergencies

The companies have prepared documents such as the Risk Assessment Report on Environmental Emergencies, the Environmental Emergency Resource Investigation Report and the Emergency Response Plan for Environmental Emergencies in accordance with the requirements of the local supervisory authorities.

Investment in environmental governance and protection and related information on payment of environmental protection tax

During the reporting period, the Company paid environmental protection tax of CNY 255,869.05.

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

Applicable Not applicable

In 2023, the Group launched the “carbon peaking and carbon neutrality” planning program to conduct an inventory of the Group’s greenhouse gases in 2020-2023 in accordance with the ISO 14064 standard, covering its headquarter and all subsidiaries and offices in China, overseas subsidiaries and holding companies. Meanwhile, we expect to conduct a detailed analysis of the changing trends of greenhouse gas emissions and carbon emission intensity of various categories in 2024, and set emission reduction targets that are consistent with the latest climate science based on principles and evidence such as the Paris Agreement and science-based carbon targets.

At this stage, the Company mainly takes the following measures to reduce carbon emissions:

1. Green office

The Company actively promotes green office through the following methods: Promote paperless processes, set double-sided printing on the printer, and use the second side of the paper as much as possible (excluding confidential documents) to reduce paper consumption; reuse product packaging boxes and other consumables; adopt energy classification management methods to strengthen the management of equipment; turn off lighting, facilities, power and machines that can be turned off during holidays, or set them to the most energy-saving mode when they cannot be turned off; turn off the power of computers, lighting and other equipment after work, and turn off the power of production equipment during breaks and after work without affecting production; promote wastewater reuse; prohibit the use of obsolete energy-consuming products; adopt methods such as registering gas cards and recording mileage to reasonably control gasoline consumption; gradually promote the use of electric sampling vehicles to replace traditional gasoline and diesel sampling vehicles to reduce dependence on fossil fuels.

2. Green travel

In order to further reduce the Company's carbon emissions and environmental impact, the Company will, based on business needs, give priority to employees who are closer to the program site for business travel to reduce business travel distances. This move will not only help reduce transportation emissions, but also save energy. Meanwhile, the Company actively promotes the use of online meetings to reasonably reduce the frequency of business trips and reduce employees' travel needs. In addition, the Company advocates and supports employees to give priority to green travel tools such as public transportation, bicycles, and electric vehicles. By promoting the Company's green travel measures, it will continue to reduce the Company's carbon footprint and make a positive contribution to environmental protection.

3. Green building

The construction stage of the Company's own base: A large centralized green area is set up on the base, and the greening rate is maintained at 20%, so as to reduce greenhouse gas emissions, prevent and reduce pollution; vertical greening is set up on the building balconies to block sunlight, reduce reflection and heat absorption of the building facade, thereby reducing building operation energy consumption and carbon emissions; Class A non-combustible material foam glass is used in the building, and new materials such as autoclaved aerated concrete blocks that can meet energy-saving design standards with a single material; the water efficiency level of all sanitary appliances in the base reaches Level 2, which is efficient and water-saving; the artificial lighting in the lighting area is automatically adjusted with changes in natural light intensity to achieve the effect of energy saving and emission reduction.

The decoration and design phase of the Company's base and laboratory: Design an exhaust frequency conversion automatic control system to solve the variable air volume requirements and constant surface wind speed requirements at the end of the ventilation equipment, saving energy by 50%-70%; install a VAV variable air volume valve to avoid unnecessary energy waste.

Administrative penalties for environmental issues during the reporting period: None.

Other environmental information that should be disclosed

The Environmental, Social and Governance Report 2023 disclosed by the Company

Other environmental related information

The Environmental, Social and Governance Report 2023 disclosed by the Company

II. Social responsibility

The *Environmental, Social and Governance Report 2023* was released on April 19, 2024 at www.cninfo.com.cn.

III. Consolidation and expansion of the results of poverty alleviation and rural revitalization

While the Company continues to develop itself, it always remembers to give back to the society and continues to empower all people towards a better life. During the reporting period, the Company carried out charity donation activities in China. In June 2023, the Company donated about CNY 5,000 of free materials to Wangtang Village, Runhe Town, Yingshang County, Anhui Province; in August 2023, the Company signed the *Agreement on Intention to Help with Living Materials Assistance with Yongjin Village*, Longhe Town, Nehe, Heilongjiang Province, to discuss the key work of future corporate help and distributed more than 40 free materials; in October 2023, the Company donated help to Longling Village, Baoshan, Yunnan Province, with a total of CNY 25,000 of help funds.

Section 6 Important Matters

I. Fulfillment of commitments

1. Commitments made by the Company's actual controller, shareholders, related parties, acquirers, the Company and other relevant parties that have been fulfilled during the reporting period and have not yet been fulfilled by the end of the reporting period

Applicable Not applicable

Reason for commitment	Commitment party	Commitment type	Commitment content	Commitment time	Commitment period	Fulfillment
Commitments made during initial public offering or refinancing	Guo Bing; Guo Yong; Wan Feng; Wan Lipeng	Commitments made during initial public offering or refinancing	Commitments regarding competition in the same industry, connected transactions, and appropriation of funds.	September 1, 2008	Long-term	Normal execution
Other commitments made to the Company's minority shareholders	Yu Cuiping	Commitment on restricted sale of shares	I, Yu Cuiping, promise that the shares of CTI Technology obtained through divorce will continue to fulfill the share lock-up commitment originally made by Mr. Wan Feng, which includes but is not limited to: (1) I hereby promise that during the period when Mr. Wan Feng serves as the Director, supervisor or executive of the Company, I can reduce my shareholding of	June 28, 2017	Long-term	Normal execution

			<p>the shares of CTI acquired this time by 25% of the remaining shares held by him each year;</p> <p>(2) I hereby promise that I will voluntarily entrust Mr. Wan Feng to exercise the voting rights corresponding to the shares I have acquired without compensation.</p> <p>(3) If Mr. Wan Feng resigns, he should not be transferred within 6 months after his resignation, and the transfer amount should not exceed 50% of the total number of shares held within 18 months after his resignation;</p> <p>(4) The CSRC and Shenzhen Stock Exchange have relevant regulations on restricted shares;</p> <p>(5) The provisions of the <i>Several Provisions on the Reduction of Shares by Shareholders, Directors, Supervisors and Senior Managers of the Listed</i></p>			
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			<p><i>Company</i> promulgated by the CSRC on May 26, 2017 and the <i>Implementation Rules on the Reduction of Shares by Shareholders, Directors, Supervisors and Executives of the Listed Company of the Shenzhen Stock Exchange</i> promulgated by the Shenzhen Stock Exchange on May 27, 2017;</p> <p>(6) The shares of CTI that are increased due to the issuance of bonus shares by CTI and the conversion of capital provident fund to additional share capital should also comply with the above agreement.</p>			
Whether commitments are fulfilled on time	Yes					
If commitments are not fulfilled on time and has not been fulfilled, the specific reasons for the failure to perform and the next work plan should be explained in detail.	Not applicable					

2. If there is a profit forecast for the Company's assets or programs and the reporting period is still in the profit forecast period, the Company explains that the assets or programs have met the original profit forecast and the reasons for that.

Applicable Not applicable

II. Non-operating capital occupation of the listed company by holding shareholders and other related parties

Applicable Not applicable

During the Company's reporting period, there was no non-operating capital occupation of the listed company by holding shareholders and other related parties.

III. Illegal external guarantees

Applicable Not applicable

The Company had no illegal external guarantees during the reporting period.

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

Applicable Not applicable

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

Applicable Not applicable

VI. Explanation of Board of Directors on changes in accounting policies, accounting estimates or correction of major accounting errors during the reporting period

Applicable Not applicable

VII. Explanation of changes in the scope of consolidated statements compared with the previous year's financial statement

Applicable Not applicable

The companies acquired through M&A during in the current period: Shaanxi Huabang Testing Service Co., Ltd., CTI-VESP Technology Corp., Xipai Technology (Nanjing) Co, Ltd, Guangzhou Vectoring Pharmatech, LTD, Guangdong Neway Quality Technology Service Co, Ltd, Anhui Fengxue Network Security Assessment Co., Ltd. (now renamed: CTI Fengxue Testing Technology Co., Ltd.).

VIII. Appointment and dismissal of accounting firms

Currently employed accounting firm

Name of domestic accounting firm	Beijing Da Hua Certified Public Accountants LLP (Special General Partnership)
Compensation of domestic accounting firm (CNY 10,000)	220
Continuous years of audit services provided by domestic accounting firm	1
Name of CPA of domestic accounting firm	Zhou Junxiang and Huang Jialin
Continuous years of audit services provided by the registered accountants of domestic accounting firm (if any)	Zhou Junxiang for 4 years, Huang Jialin for 1 year
Name of overseas accounting firm (if any)	None
Compensation of overseas accounting firm (CNY 10,000) (if any)	0
Continuous years of audit services provided by overseas accounting firm (if any)	None
Name of the certified public accountant of overseas accounting firm (if any)	None
Continuous years of audit services provided by the registered accountants of the overseas accounting firm (if any)	None

Whether to hire a new accounting firm

Yes No

Whether to change the accounting firm during the audit period

Yes No

Whether the approval procedures are followed when changing accounting firms

Yes No

Explanation for appointment and dismissal of accounting firms

In view of the fact that the audit team of the accounting firm serving the Company has been separated from Da Hua Accounting Firm (Special General Partnership) as a whole and absorbed and merged by Beijing Da Hua International Accounting Firm (Special General Partnership), in order to maintain the continuity of the audit, after friendly consultation with Da Hua Accounting Firm (Special General Partnership) (hereinafter referred to as “Da Hua”) and Beijing Da Hua International Accounting Firm (Special General Partnership) (hereinafter referred to as “Beijing Da Hua International”), the Company has changed its appointment of Beijing Da Hua International as its 2023 financial audit institution.

The Audit Committee of the Company’s Board of Directors reviewed Beijing Da Hua International and believed that Beijing Da Hua International has securities-related business qualifications, and its professional competence, investor protection capabilities, independence, and integrity meet the requirements of the Company’s financial statement audit. The Committee agreed to propose to the Company’s Board of Directors that Beijing Da Hua International be the Company’s financial audit institution in 2023.

The Company held the 11th meeting of the 6th Board of Directors and the 9th meeting of the 6th Board of Supervisors on December 12, 2023, and approved the *Proposal on Changing the Accounting Firm* after reviewing. On December 29, 2023, the second extraordinary general meeting of shareholders in 2023 was held to review and approve the *Proposal on Changing the Accounting Firm*, and agreed to hire Beijing Da Hua Certified Public Accountants LLP (Special General Partnership) as its 2023 financial audit institution.

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

Applicable Not applicable

IX. Possibility of delisting after annual report disclosure

Applicable Not applicable

X. Matters related to bankruptcy and reorganization

Applicable Not applicable

The Company did not have any matters related to bankruptcy and reorganization during the reporting period.

XI. Major litigation and arbitration matters

Applicable Not applicable

Basic information on litigation (arbitration)	Amount involved (CNY 10,000)	Whether a provisional liability is formed	Litigation (arbitration) progress	Litigation (arbitration) results and impact	Litigation (arbitration) judgment execution status	Disclosed on	Disclosure index
Litigation pending	1,525.62	No	Under trial	The amount is small and will not have a significant impact on the Company.	-		
Litigation settled	3,331.66	No	Settled	All lawsuits have been decided and will not have a significant impact on the Company.	-		

XII. Penalties and rectification

Applicable Not applicable

The Company did not receive any penalties or rectification during the reporting period.

XIII. Integrity of the Company and its holding shareholders and actual controller

Applicable Not applicable

XIV. Major related transactions

1. Related transactions of daily operations

Applicable Not applicable

The Company had no related transactions of daily operations during the reporting period.

2. Related transactions arising from asset or equity acquisition and sale

Applicable Not applicable

During the reporting period, there were no related transactions arising from asset or equity acquisition and sale of assets or equity.

3. Related transactions involving joint overseas investment

Applicable Not applicable

The Company did not have any related transactions involving joint overseas investment during the reporting period.

4. Related creditor's rights and liabilities

Applicable Not applicable

The Company had no related creditor's rights and liabilities during the reporting period.

5. Dealings with financial companies with related relationships

Applicable Not applicable

There was no deposit, loan, credit or other financial business between the Company and the finance companies and related parties with related relationships.

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

Applicable Not applicable

There was no deposit, loan, credit or other financial business between the financial companies held by the Company and related parties.

7. Other major related transactions

Applicable Not applicable

The Company had no other significant related transactions during the reporting period.

XV. Major contracts and their performance

1. Trusteeship, contract and lease

(1) Trusteeship

Applicable Not applicable

There was no trusteeship during the reporting period.

(2) Contract

Applicable Not applicable

There was no contract during the reporting period.

(3) Lease

Applicable Not applicable

Lease description

During the reporting period, the lease of the Company was mainly due to the leasing office premises in Shenzhen, Beijing and Hangzhou for daily operating needs, and the expenses incurred for each leased premises throughout the year did not have a significant impact on the profit of the Company for the reporting period.

Programs that have generated gains or losses for the Company of 10% or more of its total profit

Applicable Not applicable

The Company does not have any leasing programs that have generated gains or losses for the Company of 10% or more of its total profit during the reporting period.

2. Major guarantee

Applicable Not applicable

Unit: CNY 10,000

External guarantees provided by the Company and its subsidiaries (excluding guarantees to subsidiaries)										
Guaranteed object name	Announcement disclosure date related to guarantee limit	Guarantee amount	Actual date of occurrence	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether the performance is completed	Whether it is a guarantee for related parties
Guarantees provided by the Company to subsidiaries										
Guaranteed object name	Announcement disclosure date related to guarantee limit	Guarantee amount	Actual date of occurrence	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether the performance is completed	Whether it is a guarantee for related parties
CTI Holding (Hong Kong) Co., Ltd.	October 19, 2021	10,000	April 18, 2022	3,482.3	General guarantee	None	None	From April 18, 2022 to June 30, 2023	Yes	No
Sichuan CTI Jianxin Testing Technology Co.,	March 3, 2022	136	March 11, 2022	136	General guarantee	None	Guarantee in the same proportion	From March 11, 2022 to March 11, 2023	Yes	No

Ltd.										
Sichuan CTI Jianxin Testing Technology Co., Ltd.	July 26, 2022	20	August 1, 2022	20	General guarantee	None	None	From August 1, 2022 to July 25, 2024	No	No
CTI Engineering Testing Co., Ltd.	March 3, 2022	63.71	March 25, 2022	63.71	General guarantee	None	None	From March 25, 2022 to June 30, 2023	Yes	No
CTI Engineering Testing Co., Ltd.	March 3, 2022	43.66	March 25, 2022	43.66	General guarantee	None	None	From March 25, 2022 to March 31, 2023	Yes	No
CTI Engineering Testing Co., Ltd.	March 3, 2022	16.61	March 28, 2022	16.61	General guarantee	None	None	From March 28, 2022 to December 31, 2025	No	No
CTI Engineering Testing Co., Ltd.	March 3, 2022	42.43	March 28, 2022	42.43	General guarantee	None	None	From March 28, 2022 to March 31, 2024	No	No
CTI Engineering Testing Co., Ltd.	March 3, 2022	31.25	April 12, 2022	31.25	General guarantee	None	None	From April 12, 2022 to December 31, 2023	Yes	No
CTI Engineering Testing Co., Ltd.	March 3, 2022	15.9	April 12, 2022	15.9	General guarantee	None	None	From April 12, 2022 to December 31, 2023	Yes	No
CTI VESP Testing Technology Co., Ltd.	May 31, 2023	777.64	May 31, 2023	729.7	Joint and several liability guarantee	None	None	From May 31, 2023 to October 27, 2026	No	No
CTI Engineering Testing Co., Ltd.	August 11, 2023	53.74	August 18, 2023	53.74	General guarantee	None	None	From August 18, 2023 to August 17, 2024	No	No
CTI	Decemb	31.25	Decemb	31.25	General	None	None	From	No	No

Engineering Testing Co., Ltd.	December 13, 2023		December 27, 2023		guarantee			December 27, 2023 to December 31, 2024		
CTI Engineering Testing Co., Ltd.	December 13, 2023	15.9	December 27, 2023	15.9	General guarantee	None	None	From December 27, 2023 to December 31, 2024	No	No
Total approved guarantee amount for subsidiaries during the reporting period (B1)		878.53		Total actual amount of guarantees provided to subsidiaries during the reporting period (B2)		4,682.45				
Total approved guarantee lines for subsidiaries at the end of the reporting period (B3)		11,248.09		Total actual guarantee balance for subsidiaries at the end of the reporting period (B4)		909.63				
Guarantees provided by subsidiaries to subsidiaries										
Guaranteed object name	Announcement disclosure date related to guarantee limit	Guarantee amount	Actual date of occurrence	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether the performance is completed	Whether it is a guarantee for related parties
IMAT-UVE GMBH	May 21, 2022	2,191.24	September 2, 2022	582.96	General guarantee	None	Guarantee in the same proportion	From September 2, 2022 to April 30, 2026	No	No
Total approved guarantee amount for subsidiaries during the reporting period (C1)		0		Total actual amount of guarantees provided to subsidiaries during the reporting period (C2)		582.96				
Total approved guarantee lines for subsidiaries at the end of the reporting period (C3)		2,191.24		Total actual guarantee balance for subsidiaries at the end of the reporting period (C4)		391.3				
Total Company's guarantees (i.e. the total of the above three major items)										

Total approved guarantee amount during the reporting period (A1+B1+C1)	878.53	Total actual amount of guarantees incurred during the reporting period (A2+B2+C2)	5,265.41
Total approved guarantee lines at the end of the reporting period (A3+B3+C3)	13,439.33	Total actual guarantee balance at the end of the reporting period (A4+B4+C4)	1,300.93
Proportion of actual total guarantee amount (i.e. A4+B4+C4) to the Company's net assets	0.21%		
Including:			
Balance of guarantees in favor of shareholders, actual controller and its related parties (D)	0		
Balance of liability guarantees provided directly or indirectly for guaranteed objects whose asset-liability ratio exceeds 70% (E)	0		
Amount of the total guarantee exceeding 50% of net assets (F)	0		
Total amount of the above three guarantees (D+E+F)	0		
For unexpired guarantee contracts, a description of the situations in which guarantee liabilities occurred during the reporting period or where there is evidence that joint and several liabilities may be assumed (if any)	0		
Explanation of any violation of the prescribed procedures in providing guarantees to external parties (if any)	None		

Specific description of using composite guarantee

Not applicable

3. Entrusting others to manage cash assets

(1) Entrusted financial management

Applicable Not applicable

Overview of entrusted financial management during the reporting period

Unit: CNY 10,000

Specific type	Sources of funds for entrusted financial management	Amount of entrusted financial management	Undue balance	Overdue amount	Amount of overdue financial recoveries that have been impaired

Bank financial products	Private capital	36,000	36,000	0	0
Total		36,000	36,000	0	0

Specific cases of high-risk entrusted finance with significant individual amounts or low security and illiquidity

Applicable Not applicable

Anticipated non-collection of principal or other circumstances that may lead to impairment of entrusted finance

Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable

The Company had no entrusted loans during the reporting period.

4. Other major contracts

Applicable Not applicable

The Company had no other major contracts during the reporting period.

XVI. Description of other major matters

Applicable Not applicable

Announcement No.	Announcement content	Disclosed on	Disclosure media
2023-001	Announcement on the Progress of Share Repurchase	2023/1/5	http://www.cninfo.com.cn
2023-002	Announcement on Resolution of the 1st Meeting of the 6th Board of Directors	2023/1/14	http://www.cninfo.com.cn
2023-003	Announcement on Resolution of the 1st Meeting of the 6th Board of Supervisors	2023/1/14	http://www.cninfo.com.cn
2023-004	Announcement on Change of Secretary of Board of Directors	2023/1/14	http://www.cninfo.com.cn
2023-005	2022 Annual Performance Forecast	2023/1/17	http://www.cninfo.com.cn
2023-006	Announcement on the Progress of Share Repurchase	2023/2/2	http://www.cninfo.com.cn
2023-007	Announcement on Obtaining Government Subsidies	2023/2/28	http://www.cninfo.com.cn
2023-008	2022 Annual Performance Bulletin	2023/2/28	http://www.cninfo.com.cn
2023-009	Announcement on the Progress of Share Repurchase	2023/3/2	http://www.cninfo.com.cn
2023-010	Announcement on Use of Idle Self-owned Funds for Entrusted Financial Management at Maturity	2023/3/3	http://www.cninfo.com.cn
2023-011	Announcement on Completion of the Company's share repurchase and share changes	2023/3/18	http://www.cninfo.com.cn
2023-012	Announcement on Resolution of the 2nd Meeting of the 6th Board of Directors	2023/4/1	http://www.cninfo.com.cn
2023-013	Announcement on Resolution of the 2nd Meeting of the 6th Board of Supervisors	2023/4/1	http://www.cninfo.com.cn
2023-014	Announcement on Use of Idle Self-owned Funds for Entrusted Financial Management	2023/4/1	http://www.cninfo.com.cn
2023-015	Forecast of Results for Q1 of 2023	2023/4/10	http://www.cninfo.com.cn
2023-016	2022 Annual Report Disclosure Indicative Announcement	2023/4/25	http://www.cninfo.com.cn
2023-017	Announcement on Resolution of the 3rd Meeting of the 6th Board of Directors	2023/4/25	http://www.cninfo.com.cn
2023-018	Announcement on Resolution of the 3rd Meeting of the 6th Board of	2023/4/25	http://www.cninfo.com.cn

	Supervisors		
2023-019	Annual Report 2022	2023/4/25	http://www.cninfo.com.cn
2023-020	Annual Report 2022 Summary	2023/4/25	http://www.cninfo.com.cn
2023-021	Announcement on Annual Profit Distribution Plan in 2022	2023/4/25	http://www.cninfo.com.cn
2023-022	Indicative Announcement on the Disclosure of Q1 Report of 2023	2023/4/25	http://www.cninfo.com.cn
2023-023	Announcement on Changes in Registered Capital and Amendment of the Company's Articles of Association	2023/4/25	http://www.cninfo.com.cn
2023-024	Announcement on Changes in Accounting Policies	2023/4/25	http://www.cninfo.com.cn
2023-025	Announcement on the Foreign Investment of Wholly-owned Subsidiaries and Signing of Program Investment Intention Agreement	2023/4/25	http://www.cninfo.com.cn
2023-026	Notice on Further Appointment of the Company's Audit Institution in 2023	2023/4/25	http://www.cninfo.com.cn
2023-027	Notice on Holding 2022 Annual General Meeting of Shareholders	2023/4/25	http://www.cninfo.com.cn
2023-028	Q1 Report of 2023	2023/4/25	http://www.cninfo.com.cn
2023-029	Announcement on Holding an Online Presentation on 2022 Annual Results	2023/4/25	http://www.cninfo.com.cn
2023-030	Correction Notice	2023/4/26	http://www.cninfo.com.cn
2023-031	Indicative Announcement on Holding the Annual General Meeting of Shareholders in 2022	2023/5/12	http://www.cninfo.com.cn
2023-032	Announcement on Resolution of the Annual General Meeting of Shareholders in 2022	2023/5/16	http://www.cninfo.com.cn
2023-033	Announcement on the Plan to Repurchase the Company's Shares	2023/5/16	http://www.cninfo.com.cn
2023-034	Announcement on Resolution of the 4th Meeting of the 6th Board of Directors	2023/5/16	http://www.cninfo.com.cn
2023-035	Announcement on Resolution of the 4th Meeting of the 6th Board of Supervisors	2023/5/16	http://www.cninfo.com.cn
2023-036	Repurchase Report	2023/5/18	http://www.cninfo.com.cn
2023-037	Announcement on Shareholdings of Top 10 Shareholders and Top 10 Shareholders Without Restrictions on Share Repurchase	2023/5/18	http://www.cninfo.com.cn
2023-038	Announcement on Implementation of Annual Equity Distribution of 2022	2023/5/18	http://www.cninfo.com.cn
2023-039	Announcement on Resolution of the 5th Meeting of the 6th Board of Directors	2023/6/1	http://www.cninfo.com.cn
2023-040	Announcement on Change of Internal Chief Auditor	2023/6/1	http://www.cninfo.com.cn
2023-041	Announcement on Provision of Guarantee for Subsidiary's Financial Lease	2023/6/1	http://www.cninfo.com.cn
2023-042	Announcement on Resolution of the 5th Meeting of the 6th Board of Supervisors	2023/6/1	http://www.cninfo.com.cn
2023-043	Announcement on the Progress of Share Repurchase	2023/6/2	http://www.cninfo.com.cn
2023-044	Announcement on Adjustment of Repurchased Share Price After Implementation of the Annual Equity Distribution in 2022	2023/6/2	http://www.cninfo.com.cn
2023-045	Announcement on the Progress of Signing Investment Agreements for Wholly-Owned Subsidiaries	2023/6/30	http://www.cninfo.com.cn
2023-046	Announcement on the Progress of Share Repurchase	2023/7/4	http://www.cninfo.com.cn
2023-047	Announcement on Resolution of the 6th Meeting of the 6th Board of Directors	2023/7/6	http://www.cninfo.com.cn
2023-048	Announcement on Adjustment of the Management Model of the 2nd Employee Share Ownership Plan	2023/7/6	http://www.cninfo.com.cn
2023-049	Announcement on Resolution of the 6th Meeting of the 6th Board of Supervisors	2023/7/6	http://www.cninfo.com.cn
2023-050	Announcement on the extension and change of the Company's First Employee Share Ownership Plan	2023/7/6	http://www.cninfo.com.cn
2023-051	Forecast of Results for Half Year of 2023	2023/7/12	http://www.cninfo.com.cn
2023-052	Announcement on the Progress of Share Repurchase	2023/8/3	http://www.cninfo.com.cn
2023-053	2023 Semi-annual Report Disclosure Indicative Announcement	2023/8/11	http://www.cninfo.com.cn
2023-054	Announcement on Resolution of the 7th Meeting of the 6th Board of	2023/8/11	http://www.cninfo.com.cn

	Directors		
2023-055	Announcement on Resolution of the 7th Meeting of the 6th Board of Supervisors	2023/8/11	http://www.cninfo.com.cn
2023-056	Announcement on Issuance of Performance Guarantee for Subsidiaries	2023/8/11	http://www.cninfo.com.cn
2023-057	Announcement on Application for A Comprehensive Credit Line from the Bank	2023/8/11	http://www.cninfo.com.cn
2023-058	Summary of the Semi-Annual Report of Centre Testing International Group Co., Ltd. in 2023	2023/8/11	http://www.cninfo.com.cn
2023-059	Announcement on the First Shares Repurchase of the Company	2023/8/17	http://www.cninfo.com.cn
2023-060	Announcement on the Progress of Share Repurchase	2023/9/2	http://www.cninfo.com.cn
2023-061	Indicative Announcement on the Transfer of Shares by Agreement Between Shareholders Holding More Than 5% of Shares and Their Persons Acting in Concert	2023/9/22	http://www.cninfo.com.cn
2023-062	Announcement on Resolution of the 8th Meeting of the 6th Board of Directors	2023/9/29	http://www.cninfo.com.cn
2023-063	Announcement on Nomination of Director Candidates for the 6th Board of Directors	2023/9/29	http://www.cninfo.com.cn
2023-064	Notice on Holding the 1st Extraordinary General Meeting of Shareholders in 2023	2023/9/29	http://www.cninfo.com.cn
2023-065	Forecast of Results for First 3 Quarters in 2023	2023/10/13	http://www.cninfo.com.cn
2023-066	Announcement on Resolution of the 1st Extraordinary General Meeting of Shareholders in 2023	2023/10/17	http://www.cninfo.com.cn
2023-067	Announcement on the Progress of Share Repurchase	2023/10/19	http://www.cninfo.com.cn
2023-068	Announcement on Resolution of the 9th Meeting of the 6th Board of Directors	2023/10/20	http://www.cninfo.com.cn
2023-069	Q3 Report of Centre Testing International Group Co., Ltd. in 2023	2023/10/25	http://www.cninfo.com.cn
2023-070	Announcement on Resolution of the 10th Meeting of the 6th Board of Directors	2023/10/25	http://www.cninfo.com.cn
2023-071	Announcement on Resolution of the 8th Meeting of the 6th Board of Supervisors	2023/10/25	http://www.cninfo.com.cn
2023-072	Announcement on the Company's Overseas Investment and Signing of Program Investment Agreement	2023/10/25	http://www.cninfo.com.cn
2023-073	Announcement on the Progress of Share Repurchase	2023/11/2	http://www.cninfo.com.cn
2023-074	Announcement on the Completion of Transfer Registration of Shares Transferred by Agreement Between Persons Acting in Concert	2023/11/25	http://www.cninfo.com.cn
2023-075	Announcement on the Adjustment of Shares of Internal Holders of Persons Acting in Concert	2023/11/25	http://www.cninfo.com.cn
2023-076	Announcement on the Progress of Share Repurchase	2023/12/2	http://www.cninfo.com.cn
2023-077	Announcement on Resolution of the 11th Meeting of the 6th Board of Directors	2023/12/13	http://www.cninfo.com.cn
2023-078	Announcement on Resolution of the 9th Meeting of the 6th Board of Supervisors	2023/12/13	http://www.cninfo.com.cn
2023-079	Announcement on Change of Accounting Firm	2023/12/13	http://www.cninfo.com.cn
2023-080	Announcement on Issuance of Performance Guarantee for Subsidiaries	2023/12/13	http://www.cninfo.com.cn
2023-081	Notice on Holding the 2nd Extraordinary General Meeting of Shareholders in 2023	2023/12/13	http://www.cninfo.com.cn
2023-082	Announcement on Resolution of the 2nd Extraordinary General Meeting of Shareholders in 2023	2023/12/30	http://www.cninfo.com.cn

XVII. Major matters of the Company's subsidiaries

Applicable Not applicable

1. On January 16, 2023, the 1st Meeting of the Strategy and M&A Committee of the 6th Board of Directors reviewed and approved the *Proposal on Acquiring 100% Equity of Guangzhou Vectoring Pharmatech Co., Ltd.*, the Company's holding subsidiary Shanghai CTI Pinchuang Medical Testing Co., Ltd. acquired 100% equity of Guangzhou Vectoring Pharmatech Co., Ltd.

2. On April 21, 2023, the 3rd meeting of the Strategy and M&A Committee of the 6th Board of Directors reviewed and approved the *Proposal on the Acquisition and Capital Increase of 80% Equity of Guangdong Neway Quality Technology Service Co., Ltd.* The Company's holding subsidiary Shanghai CTI Pinchuang Medical Testing Co., Ltd. (hereinafter referred to as "CTI Pharmaceuticals") transferred 71.43% equity from the original shareholder, and at the same time, increased capital to Guangdong Neway Quality Technology Service Co., Ltd. (hereinafter referred to as "Guangdong Neway") and acquired 8.57% equity, and finally obtained 80% equity of Guangdong Neway.

3. On April 21, 2023, the 3rd meeting of the Strategy and M&A Committee of the 6th Board of Directors reviewed and approved the *Proposal on the Investment in the Establishment of CTI Metrology and Testing (Jinan) Co., Ltd.* CTI Metrology and Testing Co., Ltd. invested in the establishment of a wholly-owned subsidiary, CTI Metrology and Testing (Jinan) Co., Ltd.

4. On April 21, 2023, the 3rd meeting of the Strategy and M&A Committee of the 6th Board of Directors reviewed and approved the *Proposal on the Subsidiary's Capital Increase and Equity Participation in Xipai Technology (Nanjing) Co., Ltd.*, CTI Metrology increased the capital of CNY 5.2861 million to Xipai Technology (Nanjing) Co., Ltd. (hereinafter referred to as "Xipai Technology"). After the capital increase, Xipai Technology's registered capital was CNY 30 million, of which the Company accounted for 82.38% equity of Xipai Technology and CTI Metrology accounted for 17.62% equity of Xipai Technology after the capital increase.

5. On April 21, 2023, the Strategy and M&A Committee of the 6th Session of Board of Directors considered and passed the *Proposal on Internal Transfer of Equities in Subsidiaries and Capital Increase of Subsidiaries* at its 3rd meeting, whereby the Company made a capital increase of 51% equity in CTI Eco-Environmental Science and Technology (Tianjin) Co., Ltd. held by the Company to its wholly-owned sub-subsidiary, CTI Certification Co., Ltd. (hereinafter referred to as "CTI Certification"). Upon completion of the capital increase, the registered capital of CTI Certification will increase from the original CNY 50 million to CNY 84.96 million, and CTI Certification will hold 51% equity of CTI Ecological Environment Technology (Tianjin) Co., Ltd.

6. On April 22, 2023, the 4th Meeting of the Strategy and M&A Committee of the 6th Board of Directors reviewed and approved the *Proposal on Investment and Establishment of Shanghai CTI Zhian Joint Venture.* CTI Pharmaceuticals and its partners jointly established Shanghai CTI Zhian Clinic Co., Ltd. to jointly expand occupational health examination business.

7. On July 10, 2023, the 5th Meeting of the Strategy and M&A Committee of the 6th Board of Directors reviewed and approved the *Proposal on Acquiring 52% Equity of Anhui Fengxue Network Security Assessment Co., Ltd.* The Company acquired 52% equity of Anhui Fengxue Network Security Assessment Co., Ltd. (now renamed: CTI Fengxue Testing Technology Co., Ltd.).

8. On August 28, 2023, the 8th Meeting of the Strategy and M&A Committee of the 6th Board of Directors reviewed and approved the *Proposal on the Establishment of CTI Medical Device Technology Services (Shenzhen) Co., Ltd.*, the Company's holding subsidiary Shanghai CTI Pinchuang Medical Testing Co., Ltd. established CTI Medical Device Technical Services (Shenzhen) Co., Ltd.

9. On September 8, 2023, the 9th Meeting of the Strategy and M&A Committee of the 6th Board of Directors reviewed and approved the *Proposal on Cancellation of the Equity Transfer of Subsidiaries and the Establishment of a Wholly-Owned Subsidiary*. At the 6th Meeting of the Strategy and M&A Committee of the 6th Board of Directors, the *Proposal on the Change of a Wholly-owned Sub-subsidiary into a Wholly-owned Subsidiary* was reviewed and approved, and the wholly-owned subsidiary, CTI Holding (Hong Kong) Co., Ltd., proposed to transfer its wholly-owned 100% equity in CENTRE TESTING INTERNATIONAL PTE.LTD. to the Company. As the Shenzhen Municipal Bureau of Commerce and Shenzhen Municipal Development and Reform Commission, the overseas investment regulatory institutions, are unable to review and approve overseas acquisitions related to the Group's internal restructuring, the Company plans to cancel the implementation of the above proposal and instead establish a wholly-owned subsidiary, Centre Testing International (Holdings) Pte Ltd, in Singapore.

10. On September 21, 2023, the 10th Meeting of the Strategy and M&A Committee of the 6th Board of Directors reviewed and approved the *Proposal on Reducing the Registered Capital and Changing the Equity of the Holding Subsidiary*. The Company reduced the capital and changed the equity of China Testing Data Certification and Testing (Shenzhen) Co., Ltd. based on actual operating conditions.

11. On November 6, 2023, the 12th Meeting of the Strategy and M&A Committee of the 6th Board of Directors reviewed and approved the *Proposal on the Repurchase of Minority Shareholders' Equity Interests of Shanghai CTI Zhike Materials Technology Co., Ltd.*, in order to further strengthen the control of Shanghai CTI Zhike Material Technology Co., Ltd. (hereinafter referred to as "Shanghai Zhike"), the Company acquired the 30% equity of Shanghai Zhike held by Shanghai Shenghui Material Technology Co., Ltd. at the original price of CNY 3 million. Upon completion of the above equity transfer, the Company will hold 100% equity of Shanghai Zhike.

12. On November 13, 2023, the 13th meeting of the Strategy and M&A Committee of the 6th Board of Directors reviewed and approved the *Proposal on Subsidiary's Capital Increase in Guizhou CTI Testing Technology Co., Ltd.* In order to meet the requirements of registered capital of more than CNY 10 million for the application of commercial password testing institutions, the subsidiary Southern Pinbiao CTI Testing (Shenzhen) Co., Ltd. increased the subscribed registered capital of the sub-subsidiary Guizhou CTI Testing Technology Co., Ltd. by CNY 5 million.

13. On December 14, 2023, the 14th Meeting of the Strategy and M&A Committee of the 6th Board of Directors reviewed and approved the *Proposal on Increasing the Capital of IMAT-UVE GMBH* and *Proposal on Investing in the Establishment of CTI Pinbiao Energy Metering and Testing (Beijing) Co., Ltd.* In order to supplement the operating capital of Germany EMAG and meet the needs of future expansion and development, The Company and external shareholders increased their capital by EUR 6.84 million and EUR 0.76 million respectively according to their shareholding ratio, with a total increase of EUR 7.6 million; In order to expand the business of gas energy quality testing and energy metering, the company and its partners set up a joint venture, Northern CTI Pinbiao Testing (Beijing) Co., Ltd., with a registered capital of CNY 10 million, of which the Company subscribed CNY 5.1 million, accounting for 51% of the total share capital of the joint venture.

Section 7 Share Changes and Shareholder Information

I. Changes in shares

1. Changes in shares

Unit: Share

	Before this change		This increase or decrease (+, -) of this change					After this change	
	Quantity	Proportion	New share issuance	Share dividend	Conversion of provident fund shares	Other	Subtotal	Quantity	Proportion
I. Shares with selling restrictions	155,201,688	9.22%				95,856,838	95,856,838	251,058,526	14.92%
1. Shareholding by the State									
2. Shareholding by state-owned legal person									
3. Shareholding by other investments	155,201,688	9.22%				95,856,838	95,856,838	251,058,526	14.92%
Including: Shareholding by domestic legal person									
Shareholding by domestic	155,201,688	9.22%				95,856,838	95,856,838	251,058,526	14.92%

natural person									
4. Foreign shareholding									
Including: Shareholding by foreign legal person									
Shareholding by foreign natural person									
II. Shares without selling restrictions	1,527,546,526	90.78%				-95,776,838	-95,776,838	1,431,769,688	85.08%
1. CNY ordinary shares	1,527,546,526	90.78%				-95,776,838	-95,776,838	1,431,769,688	85.08%
2. Domestic-invested shares listed in China									
3. Foreign-invested shares listed outside China									
4. Others									
III. Total number of shares	1,682,748,214	100.00%				80,000	80,000	1,682,828,214	100.00%

Reasons for share changes

Applicable Not applicable

1. During the reporting period, 80,000 shares were exercised in the 3rd exercise period of the 2019 Equity Incentive Plan;

2. During the reporting period, 2,019,327 shares of executives were released from selling restrictions 6 months after the expiry of tenure.

2. During the reporting period, the Company's actual controller and persons acting in concert agreed to transfer 130,501,554 shares, and 97,876,165 new shares with selling restriction were added.

Approval of share changes

Applicable Not applicable

1. 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, deliberating and passing the *Resolution on the Achievement of the Exercise Conditions for the 3rd Exercise Period of 2019 Share Option Incentive Plan*, and the exercise conditions of the 3rd exercise period of the 2019 Share Option Incentive Plan have been achieved. The number of share options available in this exercise was 1.88 million. As of June 30, 2023, all rights under the 3rd exercise period of the 2019 Equity Incentive Plan have been exercised.

2. On November 24, 2023, Shenzhen Branch of China Securities Registration and Clearing Co., Ltd. issued the Securities Transfer Registration Confirmation, and Mr. Wan Yunxiang agreed to transfer 130,501,554 shares of unlimited sale and circulation shares to Mr. Wan Feng on November 23, 2023.

Transfer status of changes in shares

Applicable Not applicable

On November 24, 2023, Shenzhen Branch of China Securities Registration and Clearing Co., Ltd. issued the *Securities Transfer Registration Confirmation*, and Mr. Wan Yunxiang agreed to transfer 130,501,554 shares of unlimited sale and circulation shares to Mr. Wan Feng on November 23, 2023.

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

Applicable Not applicable

During the reporting period, share option exercise and share repurchase had a slight impact on financial indicators such as earnings per share and net assets per share. Considering the above factors, in 2022, the basic earnings per share were CNY 0.5374/share, the diluted earnings per share were CNY 0.5374/share, and the net assets per share attributable to shareholders of the listed company were CNY 3.2565/share. In 2023, the basic earnings per share were CNY 0.5474/share, the diluted earnings per share were CNY 0.5474/share, and the net assets per share attributable to the shareholders of the listed company were CNY 3.7021/share.

Other content that the Company deems necessary or required to be disclosed by securities regulatory authorities

Applicable Not applicable

2. Changes in shares with selling restriction

Applicable Not applicable

Unit: Share

Shareholder name	Number of shares with selling restriction at the beginning of the period	The number of shares with selling restriction increased in the current period	Number of shares released from selling restriction in the current period	Number of shares with selling restriction at the end of the period	Reasons for selling restriction	Release date of selling restriction
Wan Feng	90,625,740	97,876,165		188,501,905	1. Transfer of shares by agreement between persons acting in concert 2. Lock-up of shares held by directors, supervisors and executives	During the tenure, the number of shares that can be listed and circulated each year is 25% of the total number of shares held at the end of the previous year
Ricard Shentu	7,012,500			7,012,500	Locking of shareholdings of directors, supervisors and executives	During the tenure, the number of shares that can be listed and circulated each year is 25% of the total number of shares held at the end of the previous year
Chen Yan	2,019,327		-2,019,327	0	Locking of shareholdings of directors, supervisors and executives	6 months after the expiry of the tenure
Qian Feng	1,599,096			1,599,096	Locking of shareholdings of directors, supervisors and executives	During the tenure, the number of shares that can be listed and circulated each year is 25% of the total number of shares held at the end of the previous year
Zhou Lu	636,000			636,000	Locking of shareholdings of directors, supervisors and executives	During the tenure, the number of shares that can be listed and circulated each year is 25% of

						the total number of shares held at the end of the previous year
Zeng Xiaohu	521,250			521,250	Locking of shareholdings of directors, supervisors and executives	During the tenure, the number of shares that can be listed and circulated each year is 25% of the total number of shares held at the end of the previous year
Xujiang	393,750			393,750	Locking of shareholdings of directors, supervisors and executives	During the tenure, the number of shares that can be listed and circulated each year is 25% of the total number of shares held at the end of the previous year
Wang Hao	285,000			285,000	Locking of shareholdings of directors, supervisors and executives	During the tenure, the number of shares that can be listed and circulated each year is 25% of the total number of shares held at the end of the previous year
Li Fengyong	527,400			527,400	Locking of shareholdings of directors, supervisors and executives	During the tenure, the number of shares that can be listed and circulated each year is 25% of the total number of shares held at the end of the previous year
Yu Cuiping	51,581,625	0		51,581,625	The shares obtained	During Mr. Wan Feng's

					through divorce will continue to fulfill the locking commitment of the Company's shareholdings during Mr. Wan Feng's tenure	tenure, the annual listed shares in circulation were 25% of the total number of shares held at the end of the previous year
Total	155,201,688	97,876,165	-2,019,327	251,058,526	--	--

II. Securities issuance and listing

1. Securities issuance (excluding preference shares) during the reporting period

Applicable Not applicable

2. Explanation of changes in the Company's total number of shares and shareholder structure, and changes in the Company's asset and liability structure

Applicable Not applicable

During the reporting period, 80,000 shares were exercised in the 3rd exercise period of the 2019 Equity Incentive Plan.

3. Existing internal employee shares

Applicable Not applicable

III. Shareholders and actual controller

1. Number of shareholders and shareholding of the Company

Unit: Share

Total number of ordinary shareholders at the end of the reporting period	43,373	Total number of ordinary shareholders at the end of the previous month before the disclosure date of Annual Report	53,793	Total number of preferred shareholders (if any) whose voting rights were restored at the end of the reporting	0	The total number of preferred shareholders (if any) whose voting rights were restored at the end of the month	0	Total number of shareholders holding shares with special voting rights (if any)	0
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				period (see Note 9)		before the disclosur e date of Annual Report (see Note 9)		
Shareholding by shareholders holding more than 5% or the top 10 shareholders (excluding shares lent through refinancing)								
Shareholder name	Nature of shareholders	Shareholding ratio	Number of shares held at the end of the reporting period	Variance during the reporting period	Number of shares held with selling restrictions	Number of shares held without selling restrictions	Pledging, marking or freezing	
							Share status	Quantity
Wan Feng	Domestic natural persons	14.94%	251,335,874	130,501,554	188,501,905	62,833,969	Not applicable	0
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	12.57%	211,509,762	-33,198,298	0	211,509,762	Not applicable	0
Yu Cuiping	Domestic natural persons	4.09%	68,775,500	0	51,581,625	17,193,875	Not applicable	0
UBS AG	Overseas legal person	3.65%	61,424,770	39,329,551	0	61,424,770	Not applicable	0
Agricultural Bank of China Co., Ltd. - Harvest Emerging Industries Equity Securities Investment Fund	Domestic non-state-owned legal persons	2.10%	35,407,063	3,264,299	0	35,407,063	Not applicable	0
National Social Security Fund Portfolio 406	Domestic non-state-owned legal persons	2.06%	34,705,692	0	0	34,705,692	Not applicable	0
MORG	Overseas	1.98%	33,287,5	30,696,8	0	33,287,5	Not applicable	0

AN STANLEY & CO. INTERNATIONAL PLC.	legal person		73	26		73		
National Social Security Fund Portfolio 115	Domestic non-state-owned legal persons	1.90%	32,000,000	2,800,000	0	32,000,000	Not applicable	0
Aberdeen Asset Management (Asia) PLC - Aberdeen Funds - China A-shares Sustainable Equity Fund	Overseas legal person	1.85%	31,143,272	31,143,272	0	31,143,272	Not applicable	0
Agricultural Bank of China Co., Ltd. - Harvest Core Growth Hybrid Securities Investment Fund	Domestic non-state-owned legal persons	1.74%	29,319,047	2,031,500	0.00	29,319,047	Not applicable	0
The situation in which strategic investors or general legal persons become top 10 shareholders as a result of new shares placement (if any) (see Note 4)	Not applicable							
Explanation of the above shareholders' related relationships or concerted actions	Mr. Wan Feng is the Company's actual controller. Ms. Yu Cuiping is Mr. Wan Feng's ex-wife. She voluntarily and gratuitously entrusted Mr. Wan Feng to exercise her corresponding voting rights she obtained through divorce. The Company does not know whether other shareholders have an association or a concerted action relationship.							

Explanation of the circumstances in which the above shareholders involved in the entrustment and waiver of voting rights	Ms. Yu Cuiping is Mr. Wan Feng's ex-wife. She voluntarily and gratuitously entrusted Mr. Wan Feng to exercise her corresponding voting rights she obtained through divorce.		
Special explanation of the existence of special repurchase accounts among the top 10 shareholders (if any) (see Note 10)	Not applicable		
Shareholding of the top 10 shareholders without selling restrictions			
Shareholder name	The number of shares without selling restrictions held at the end of the reporting period	Share type	
		Share type	Quantity
Hong Kong Securities Clearing Company Ltd.	211,509,762	CNY ordinary shares	211,509,762
Wan Feng	62,833,969	CNY ordinary shares	62,833,969
UBS AG	61,424,770	CNY ordinary shares	61,424,770
Agricultural Bank of China Co., Ltd. - Harvest Emerging Industries Equity Securities Investment Fund	35,407,063	CNY ordinary shares	35,407,063
National Social Security Fund Portfolio 406	34,705,692	CNY ordinary shares	34,705,692
MORGAN STANLEY & CO. INTERNATIONAL PLC.	33,287,573	CNY ordinary shares	33,287,573
National Social Security Fund Portfolio 115	32,000,000	CNY ordinary shares	32,000,000
Aberdeen Asset Management (Asia) PLC - Aberdeen Funds - China A-shares Sustainable Equity Fund	31,143,272	CNY ordinary shares	31,143,272
Agricultural Bank of China Co., Ltd. - Harvest Core Growth Hybrid Securities Investment Fund	29,319,047	CNY ordinary shares	29,319,047
Industrial and Commercial Bank of China - Guangfa	24,000,000	CNY ordinary shares	24,000,000

Steady Growth Securities Investment Fund			
Description of the relationship or concerted action between the top 10 unrestricted float shareholders and the top 10 unrestricted float shareholders and the top 10 shareholders	Mr. Wan Feng is the Company's actual controller. The Company does not know whether other shareholders have an association or a concerted action relationship.		
Description of shareholders participating in margin trading and securities lending business (if any) (see Note 5)	None		

Top 10 shareholders participating in the refinancing business and lending shares

Applicable Not applicable

Change in top 10 shareholders compared with the previous period

Applicable Not applicable

Unit: Share

Change in top 10 shareholders compared with the end of the previous period					
Shareholder name (full name)	Added/Quitted during the reporting period	Number of shares lent through refinancing at the end of the period that have not yet been returned		Number of shares held in shareholders' ordinary accounts, credit accounts and shares lent on transfer and not yet returned at the end of the period	
		Total	Proportion of total share capital	Total	Proportion of total share capital
Wan Yunxiang	Quitted	0	0.00%	0	0.00%
Aberdeen Asset Management (Asia) PLC - Aberdeen Standard - China A-shares Equity Fund	Quitted	0	0.00%	0	0.00%
China Merchants Bank Co., Ltd. - Harvest Vision Selected Two-Year Holding Period Hybrid Securities Investment Fund	Quitted	0	0.00%	23,389,955	1.39%
The Hongkong and Shanghai Banking Corporation Limited	Quitted	0	0.00%	8,788,164	0.52%

UBS AG	Added	0	0.00%	61,424,770	3.65%
MORGAN STANLEY & CO. INTERNATIONAL PLC.	Added	0	0.00%	33,287,573	1.98%
Aberdeen Asset Management (Asia) PLC - Aberdeen Funds - China A-shares Sustainable Equity Fund	Added	0	0.00%	31,143,272	1.85%
Industrial and Commercial Bank of China - Guangfa Steady Growth Securities Investment Fund	Added	0	0.00%	24,000,000	1.43%

Whether the Company has arrangements in which the Company has differences in voting rights

Applicable Not applicable

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

Yes No

The Company's top 10 ordinary shareholders and the top 10 ordinary shareholders without selling restrictions did not conduct agreed repurchase transactions during the reporting period.

2. Information on the Company's holding shareholder

Nature of holding shareholder: Controlled by natural person

Type of holding shareholder: Natural person

Name of holding shareholder	Nationality	Whether to obtain the right of residence in other countries
Wan Feng	China	No
Main occupation and position	Mr. Wan Feng participated in the preparation of CTI in 2003 and has been the Chairman of Board of Directors since August 2007; re-elected in August 2010, August 2013, August 2016, December 2019 and January 2023.	
Equity of other domestic and overseas listed companies held and invested during the reporting period	None.	

Changes in holding shareholders during the reporting period

Applicable Not applicable

There was no change in the Company's holding shareholder during the reporting period.

3. The Company's actual controller and its persons acting in concert

Nature of actual controller: Domestic natural persons

Type of actual controller: Natural person

Name of actual controller	Relationship with actual controller	Nationality	Whether to obtain the right of residence in other countries
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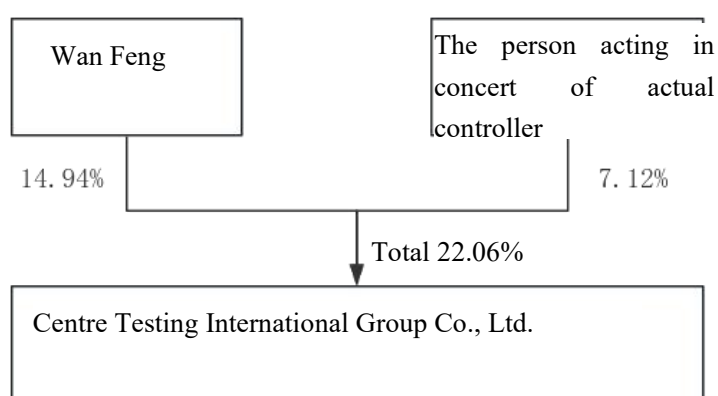
Wan Feng	Himself	China	No
Main occupation and position	Mr. Wan Feng participated in the preparation of CTI in 2003 and has been the Chairman of Board of Directors since August 2007; re-elected in August 2010, August 2013, August 2016, December 2019 and January 2023.		
Domestic and foreign listed companies that have been held in the past decade	None.		

Change in actual controller during the reporting period

Applicable Not applicable

There was no change in the Company's actual controller during the reporting period.

Block diagram of the ownership and control relationship between the Company and its actual controller



Note: 1. Mr. Wan Lipeng is the father of Mr. Wan Feng and directly holds 6,800,000 shares of the Company; Mr. Wan Feng holds a total of 38,040,810 shares of the Company through Bosera Asset Management Plan/Xuan Yuan Private Securities Investment Fund Products totally, and Mr. Wan Feng and Mr. Wan Lipeng hold 6,231,700 shares of the Company through Bochuang 21 Pooled Asset Management Plan, and Mr. Wan Feng/Mr. Wan Lipeng have signed a concerted action agreement with the above asset management plan/private equity fund products. Mr. Wan Feng/Mr. Wan Lipeng have signed a concerted action agreement with the above asset management plan/private equity fund product. 2. Ms. Yu Cuiping is Mr. Wan Feng's ex-wife. She voluntarily and gratuitously entrusted Mr. Wan Feng to exercise her voting rights corresponding to the 68,775,500 shares she obtained through divorce. The Company's actual controller, Mr. Wan Feng, and persons acting in concert hold a total of 371,183,884 shares of the Company, accounting for 22.06%.

The actual controller controls the Company through trust or other asset management methods

Applicable Not applicable

4. The total number of shares pledged by the Company's holding shareholder or largest shareholder and its persons acting in concert accounts for 80% of the total number of shares held by them.

Applicable Not applicable

5. Other corporate shareholders holding more than 10% of the shares

Applicable Not applicable

6. Restrictions on shareholding reduction by holding shareholders, actual controller, restructuring parties and other commitment entities

Applicable Not applicable

IV. Specific implementation of share repurchase during the reporting period

Implementation progress of share repurchase

Applicable Not applicable

Plan disclosed on	Number of shares to be repurchased (shares)	Proportion of total share capital	Amount to be repurchased (CNY 10,000)	Period to be repurchased	Repurchase purpose	Number of shares repurchased (shares)	Proportion of repurchased shares to underlying shares involved in the equity incentive plan (if any)
March 15, 2022	3000000-5000000	0.18%-0.30%	No more than 12500	March 15, 2022 - March 14, 2023	For the implementation of equity incentives or Employee Share Ownership Plan	3,000,000	
May 16, 2023	3000000-5000000	0.18%-0.30%	No more than 12500	May 16, 2023 - May 15, 2024	For the implementation of equity incentives or Employee Share Ownership Plan	4,901,100	

Progress of the implementation of share repurchase through centralized bidding transactions

Applicable Not applicable

Section 8 Preferred Share Information

Applicable Not applicable

The Company had no preferred shares during the reporting period.

Section 9 Bond Information

Applicable Not applicable

Section 10 Financial Statements

I. Audit Report

Type of audit opinion	Standard clean opinion
Signing date of audit report	April 17, 2024
Name of audit institution	Beijing Da Hua Certified Public Accountants LLP (General Partnership)
Name of CPA	Zhou Junxiang and Huang Jialin

Text of Audit Report

All shareholders of Centre Testing International Group Co., Ltd.:

I. Audit opinion

We audited the financial statements of Centre Testing International Group Co., Ltd. (hereinafter referred to as CTI), including the consolidated and parent company balance sheets as of December 31, 2023, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, and the consolidated and parent company change statements in shareholders' equities for 2023, and the related notes to financial statements.

We believe that the attached financial statements are prepared in accordance with the provisions of the Accounting Standards for Business Enterprises in all material respects and fairly reflect the consolidated and parent company financial position of CTI as of December 31, 2023, and the consolidated and parent company operating results and cash flows for 2023.

II. Basis for opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of CTI in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key audit matters

Key audit matters are matters that we, based on our professional judgment, consider to be most important in the audit of the current period's financial statements. The response to these matters is based on the audit of the financial statements as a whole and the formation of audit opinions. We do not express opinions on these matters individually.

We determine that the following matters are key audit matters that need to be communicated in the audit report.

1. Income recognition

2. Goodwill impairment

(I) Income recognition

1. Matter description

For example, Note III. Important accounting policies and accounting estimates (XXXIV) “Income” and Note V.40 “Operating income and cost”. The main business of CTI is testing, and the characteristics of the industry dictate that the testing industry is a fragmented market with very dispersed clients and a large volume of business, and operating income is a key performance indicator, and there is an inherent risk that the management will manipulate the income recognition in order to achieve a specific goal or satisfy an expectation, and we identify CTI’s income recognition as a key audit matter.

2. Audit response

The important audit procedures we perform on income recognition include:

(1) Understand the key internal controls related to income recognition, evaluate the design of these controls, determine whether they are implemented, and test the operating effectiveness of relevant internal controls;

(2) Understand whether there are any major changes in the processes related to sales business and income recognition principles compared with previous years;

(3) Existence test: Obtain sales details, select samples from the sales details, and spot check income-related contracts, orders, case details, test reports, invoices, receipts, settlement sheets, completion sheets, and other materials;

(4) Integrity test: From the product line income ledger, select samples and check income-related contracts, orders, program details, test reports, invoices, receipts, settlement statements, completion orders, accounting records and other information;

(5) Confirm the accounts receivable and income amounts of major clients during the reporting period, find out the reasons for discrepancies in the replies, and conduct alternative tests for clients who have not replied. Pay attention to the payment after the period;

(6) Compare the income of each product line in the current period with that of the previous period by product line. For the main product lines with income growth in the current period, analyze whether the significant income growth is reasonable.

(7) Conduct an income cut-off test to check whether the income spans multiple periods;

(8) Conduct background checks on major clients of the current period to check whether they are related parties;

(9) Compare and analyze the sales fluctuations of each month to check whether there are any abnormalities. Analyze changes in gross profit margin and compare with listed companies in the same industry.

(II) Goodwill impairment

1. Matter description

For example, Note III. Important accounting policies and accounting estimates (XXVI) “Long-term asset impairment” and Note V.16 “Goodwill”. Due to the importance of goodwill to the consolidated financial statements, significant management judgment and estimates are involved in determining whether impairment should be made, especially in forecasting future cash flows, including key assumptions made in forecasting income, long-term average growth rates and profit margins, and determining appropriate discount rates. These key assumptions are inherently uncertain and may be affected by management bias. Therefore, we identified the assessment of goodwill impairment in the consolidated financial statements as a key audit matter.

2. Audit response

The important audit procedures we perform for goodwill impairment include:

- (1) Understand, assess and test internal controls related to CTI’s goodwill;
- (2) Based on our understanding of the business of CTI and provisions of the Accounting Standards for Business Enterprises, review the management’s identification of each asset and asset group and how to allocate goodwill to each asset group;
- (3) Evaluate the competency of the valuation specialists, utilize the work of the valuation specialists, and discuss with the specialists the methodology and assumptions to be used in projecting the present value of future cash flows based on the requirements of the Accounting Standards for Business Enterprises;
- (4) Review the assumptions and key judgments used by management in projecting the present value of future cash flows by comparing key parameters, including projected incomes, long-term average growth rates and profit margins, with the past performance of the relevant subsidiaries, financial budgets approved by the Board of Directors, recent reports on business opportunities, industry research reports and industry statistics;
- (5) Recalculate the discount rate based on market data from comparable companies in the same industry and reviewed our calculations with the discount rate used by management in calculating the present value of the projected future cash flows by comparing our calculations with the discount rate used by management in calculating the present value of the projected future cash flows;
- (6) Conduct sensitivity analysis on key assumptions such as forecast income and discount rate adopted to evaluate the impact of changes in key assumptions on the impairment assessment results and consider whether there is any sign of management bias in the selection of key assumptions.

IV. Other information

The management of CTI is responsible for other information. Other information includes the information covered in the Annual Report 2023, but does not include the financial statements and our auditors’ report thereon.

Our audit opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

V. Responsibility of management and those charged with governance for financial statements

Management of CTI is responsible for the preparation and fair presentation of these financial statements in accordance with the *Accounting Standards for Business Enterprises*, and for such necessary internal control as management designs, executes and maintains in order to keep the preparation of financial statements free from material misstatement, whether due to fraud or error.

In preparing financial statements, the management of CTI is responsible for assessing CTI's ability to continue as a going concern, disclosing matters related to going concern, as applicable, and applying the going concern assumptions, unless management plans to liquidate CTI, terminate its operations, or has no other realistic alternative.

Those charged with governance is responsible for supervising CTI's financial reporting process.

VI. Auditor's responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit, in order to design appropriate audit procedures.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting. And based on the audit evidence obtained, conclude whether a material uncertainty exists related to events or conditions that may cast significant doubt on CTI's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by the auditing standards to draw attention to the users of these financial statements in our audit report to the related disclosures in these financial statements or, if such disclosures are insufficient, we should issue non-unqualified opinions. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause CTI to be unable to continue as a going concern.

5. Evaluate the overall presentation, structure and content of financial statements, and whether the financial statements fairly present the underlying transactions and events in a manner.

6. Obtain sufficient and appropriate audit evidence for the financial information of entities or business activities in CTI to express opinions on the financial statements. We are responsible for directing, supervising and performing group audits and take full responsibility for our audit opinions.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control requiring attention that we identify during our audit.

We also provide statements to those charged with governance that we have complied with ethical requirements related to independence and communicate with those charged with governance all relationships and other matters that may reasonably be considered to affect our independence, and related safeguards, if applicable.

From the matters communicated with those charged with governance, we determine which matters are most significant to the audit of the current period's financial statements and therefore constitute key audit matters. We describe these matters in our audit report except where public disclosure of the matters is prohibited by law or regulation or, in rare instances, where we determine that a matter should not be communicated in the audit report if it is reasonably anticipated that the negative consequences of communicating the matter in the audit report would outweigh the benefits in terms of public interest that would result.

Beijing Da Hua Certified Public Accountants LLP (Special
General Partnership)
Beijing, China

Chinese CPA:

(Program Partner)

Chinese CPA:

April 17, 2024

Zhou Junxiang

Huang Jialin

II. Financial statements

The unit of financial statements in financial notes is: CNY

1. Consolidated balance sheet

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

December 31, 2023

Unit: CNY

Item	December 31, 2023	January 1, 2023
Current assets:		
Monetary funds	1,450,683,775.30	1,601,569,785.65
Deposit reservation for balance		
Lending funds		
Trading financial assets	0.00	0.00
Derivative financial assets		
Notes receivable	19,493,332.33	22,613,299.82
Accounts receivable	1,585,859,420.53	1,388,835,385.86
Receivables financing		
Prepayments	37,118,301.81	29,570,359.00
Premiums receivable		
Reinsurance accounts receivable		
Provision of cession receivable		
Other receivables	66,484,207.95	63,964,192.90
Including: Interests receivable		
Dividends receivable		0.00
Redemptory financial assets for sale		
Inventories	98,620,856.31	97,332,127.76
Contract assets	182,590,697.23	143,800,353.61
Assets held for sale		
Non-current assets due within one year		
Other current assets	489,629,907.12	539,749,340.16
Total current assets	3,930,480,498.58	3,887,434,844.76
Non-current assets:		
Loans and advances		
Liability investment		
Other liability investments		
Long-term receivables		
Long-term equity investments	336,105,175.17	244,148,400.10
Other equity instrument investments		
Other non-current financial assets	41,317,524.79	41,285,037.12
Investment real estate	31,516,324.02	31,827,881.29
Fixed assets	2,424,113,735.05	1,725,607,152.39
Construction in progress	213,857,614.03	468,579,870.53
Productive biological assets		
Oil and gas assets		

Right-of-use assets	345,336,380.41	307,081,157.36
Intangible assets	165,593,699.13	144,066,739.00
Development expenditure		
Goodwill	805,193,019.25	613,319,550.86
Long-term prepaid expenses	135,083,776.38	119,230,719.03
Deferred tax assets	172,173,890.27	131,365,673.93
Other non-current assets	148,342,457.42	118,683,409.26
Total non-current assets	4,818,633,595.92	3,945,195,590.87
Total assets	8,749,114,094.50	7,832,630,435.63
Current liabilities:		
Short-term borrowings	7,604,012.07	2,002,750.00
Borrowing from the central bank		
Borrowing funds		
Trading financial liabilities	1,900,000.00	1,900,000.00
Derivative financial liabilities		
Notes payable	51,023.62	50,119.58
Accounts payable	883,396,491.10	748,532,167.58
Advance amount		
Contract liabilities	100,802,137.29	128,957,989.41
Financial assets sold and repurchased		
Deposits from clients and interbank		
Agent for purchasing and selling securities		
Agent for underwriting securities funds		
Salaries payable	472,128,804.44	459,870,531.99
Taxes payable	78,403,472.27	85,664,461.04
Other payables	179,520,253.62	151,745,563.51
Including: Interests payable		
Dividends payable	31,042.91	31,042.91
Handling fees and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	107,805,572.78	125,627,725.81
Other current liabilities	2,557,798.16	2,252,644.71
Total current liabilities	1,834,169,565.35	1,706,603,953.63
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	7,293,781.33	4,106,411.82
Bonds payable		

Including: Preferred shares		
Perpetual bonds		
Lease liabilities	260,007,551.47	229,367,377.28
Long-term payable		
Long-term salaries payable		
Accrued liabilities	4,653,507.93	3,946,190.57
Deferred income	79,355,640.69	88,680,807.23
Deferred tax liabilities	144,437,851.32	126,211,380.44
Other non-current liabilities		
Total non-current liabilities	495,748,332.74	452,312,167.34
Total liabilities	2,329,917,898.09	2,158,916,120.97
Owners' equity:		
Share capital	1,682,828,214.00	1,682,748,214.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital surplus	427,227,469.01	427,520,263.71
Less: Treasury share	119,295,717.30	35,491,855.22
Other comprehensive incomes	19,577,146.90	15,144,072.85
Special reserves		
Surplus reserve	350,040,439.28	274,202,045.17
General risk reserve		
Retained earnings	3,844,967,551.01	3,111,392,153.39
Total equities attributable to owners of the parent company	6,205,345,102.90	5,475,514,893.90
Minority shareholders' interests	213,851,093.51	198,199,420.76
Total owners' equity	6,419,196,196.41	5,673,714,314.66
Total liabilities and owners' equities	8,749,114,094.50	7,832,630,435.63

Legal representative: Wan Feng

Accounting head: Wang Hao

Accounting organizer: Li Yanhong

2. Balance sheet of the parent company

Unit: CNY

Item	December 31, 2023	January 1, 2023
Current assets:		
Monetary funds	840,664,260.80	855,244,984.03
Trading financial assets	0.00	0.00
Derivative financial assets	0.00	
Notes receivable	861,252.94	110,814.16
Accounts receivable	402,648,869.92	301,610,576.92
Receivables financing	0.00	
Prepayments	2,447,473.79	1,380,233.76
Other receivables	756,280,298.97	412,659,924.67
Including: Interests receivable	0.00	0.00
Dividends receivable	256,468,721.25	101,727,225.88

Inventories	3,923,317.49	2,045,480.23
Contract assets	25,637,731.12	23,925,031.87
Assets held for sale		
Non-current assets due within one year		
Other current assets	384,460,483.29	469,101,806.30
Total current assets	2,416,923,688.32	2,066,078,851.94
Non-current assets:		
Liability investment		
Other liability investments		
Long-term receivables		
Long-term equity investments	3,288,360,591.81	2,941,664,845.19
Other equity instrument investments		
Other non-current financial assets	25,830,981.06	21,499,000.00
Investment real estate	49,360,473.98	50,566,178.30
Fixed assets	240,794,353.01	233,846,358.26
Construction in progress	29,093,247.45	3,910,523.91
Productive biological assets		
Oil and gas assets		
Right-of-use assets	40,613,084.67	55,114,150.69
Intangible assets	26,077,991.98	23,204,244.08
Development expenditure		
Goodwill		
Long-term prepaid expenses	7,093,354.63	7,142,670.66
Deferred tax assets	13,863,176.58	15,698,313.65
Other non-current assets	6,866,833.00	7,669,995.42
Total non-current assets	3,727,954,088.17	3,360,316,280.16
Total assets	6,144,877,776.49	5,426,395,132.10
Current liabilities:		
Short-term borrowings		
Trading financial liabilities	1,900,000.00	1,900,000.00
Derivative financial liabilities		
Notes payable		
Accounts payable	205,031,540.82	129,056,514.65
Advance amount		
Contract liabilities	18,992,763.88	22,213,446.36
Salaries payable	101,120,004.25	100,485,384.65
Taxes payable	10,907,143.36	4,043,378.60
Other payables	1,142,197,585.31	1,063,343,839.08
Including: Interests payable	0.00	0.00
Dividends payable	31,042.91	31,042.91
Liabilities held for sale		

Non-current liabilities due within one year	16,125,291.45	16,377,670.67
Other current liabilities	427,220.24	444,760.10
Total current liabilities	1,496,701,549.31	1,337,864,994.11
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	28,878,515.24	42,192,359.07
Long-term payable		
Long-term salaries payable		
Accrued liabilities	0.00	0.00
Deferred income	21,055,764.62	23,393,718.62
Deferred tax liabilities	21,983,036.35	21,332,963.94
Other non-current liabilities		
Total non-current liabilities	71,917,316.21	86,919,041.63
Total liabilities	1,568,618,865.52	1,424,784,035.74
Owners' equity:		
Share capital	1,682,828,214.00	1,682,748,214.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital surplus	284,792,822.45	284,015,393.99
Less: Treasury share	119,295,717.30	35,491,855.22
Other comprehensive incomes		
Special reserves		
Surplus reserve	348,662,247.79	272,823,853.68
Retained earnings	2,379,271,344.03	1,797,515,489.91
Total owners' equity	4,576,258,910.97	4,001,611,096.36
Total liabilities and owners' equities	6,144,877,776.49	5,426,395,132.10

3. Consolidated income statement

Unit: CNY

Item	2023	2022
I. Total operating incomes	5,604,624,525.83	5,130,710,067.66
Including: Operating income	5,604,624,525.83	5,130,710,067.66
Interest income		
Premiums earned		
Handling fees and commission incomes		
II. Total operating costs	4,720,928,476.81	4,207,427,106.77
Including: Operating cost	2,911,286,861.23	2,596,474,548.86
Interest expense		0.00

Handling fees and commission expenditure		0.00
Surrender value		0.00
Net compensation expenditure		0.00
Net withdrawal of insurance liability contract reserve		0.00
Bond insurance expenditure		0.00
Reinsurance cost		0.00
Taxes and surcharges	33,401,941.08	25,676,529.97
Cost of sales	960,781,075.35	855,140,112.56
General and administrative expenses	343,585,672.73	305,999,539.43
R&D expenses	472,621,671.34	434,964,770.22
Financial expenses	-748,744.92	-10,828,394.27
Including: Interest cost	17,502,707.77	14,825,024.17
Interest income	21,438,962.41	20,979,637.98
Add: Other incomes	92,921,518.51	97,266,012.09
Investment income (loss is indicated with the mark “-”)	71,152,843.60	44,129,269.02
Including: Investment income in associated businesses and joint ventures	39,909,802.98	32,794,916.53
Profit from derecognition of financial assets measured at amortized cost		
Exchange gain (loss is indicated with the mark “-”)		
Net exposure hedging income (loss is indicated with the mark “-”)		
Profit from changes in fair value (loss is indicated with the mark “-”)	14,989,282.10	10,651,162.59
Credit impairment losses (loss is indicated with the mark “-”)	-47,382,531.70	-52,856,079.41
Asset impairment losses (loss is indicated with the mark “-”)	-9,715,938.37	-1,080,047.21
Asset disposal incomes (loss is indicated with the mark “-”)	1,827,122.56	1,071,272.66
III. Operating profit (loss is indicated with the mark “-”)	1,007,488,345.72	1,022,464,550.63
Add: Non-operating income	10,726,885.97	5,125,417.41
Less: Non-operating expenditure	6,912,589.78	3,543,200.88
IV. Total profit (total loss is indicated with the mark “-”)	1,011,302,641.91	1,024,046,767.16
Less: Income tax expense	84,105,657.40	99,450,141.47
V. Net profit (net loss is indicated with the mark “-”)	927,196,984.51	924,596,625.69

(I) Classification according to business continuity		
1. Net profit from continued operations (net loss is indicated with the mark “-”)	927,196,984.51	924,596,625.69
2. Net profit from discontinued operations (net loss is indicated with the mark “-”)		
(II) Classification by ownership		
1. Net profit attributable to shareholders of the parent company	910,203,484.57	902,731,908.18
2. Minority shareholders’ profit and loss	16,993,499.94	21,864,717.51
VI. Net of tax of other comprehensive income	4,433,074.05	-134,872.94
Net of tax of other comprehensive incomes attributable to owners of the parent company	4,433,074.05	-134,872.94
(I) Other comprehensive income that cannot be reclassified into profit or loss		
1. Additional metrology and establishment of changes in defined benefit plans		
2. Other comprehensive income that cannot be transferred to profit or loss using the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of the enterprise’s own credit risk		
5. Others		
(II) Other comprehensive incomes reclassified in profit or loss	4,433,074.05	-134,872.94
1. Other comprehensive income that can be transferred to profit or loss using the equity method		
2. Changes in fair value of other liability investments		
3. Amount of financial assets reclassified and included in other comprehensive income		
4. Provision for credit impairment of other liability investments		
5. Cash flow hedging reserve		
6. Differences in translation of foreign currency financial statements	4,433,074.05	-134,872.94
7. Others		
Net of tax of other comprehensive incomes attributable to minority shareholders		
VII. Total comprehensive incomes	931,630,058.56	924,461,752.75
Total comprehensive incomes attributable to owners of the parent company	914,636,558.62	902,597,035.24

Total comprehensive incomes attributable to minority shareholders	16,993,499.94	21,864,717.51
VIII. Earnings per share		
(I) Basic earnings per share	0.5474	0.5403
(II) Diluted earnings per share	0.5474	0.5403

In case of a business combination under common control occurs in the current period, the net profit realized by the merged party before the merger is: CNY, and the net profit realized by the merged party in the previous period is: CNY.

Legal representative: Wan Feng

Accounting head: Wang Hao

Accounting organizer: Li Yanhong

4. Income statement of the parent company

Unit: CNY

Item	2023	2022
I. Operating incomes	1,262,294,837.03	1,227,229,103.29
Less: Operating cost	633,686,379.53	577,379,053.77
Taxes and surcharges	6,496,418.38	6,243,133.03
Cost of sales	224,769,152.17	249,558,247.78
General and administrative expenses	112,806,472.52	105,107,871.64
R&D expenses	83,936,767.74	68,226,437.01
Financial expenses	-8,144,654.49	-12,566,255.56
Including: Interest cost	6,858,065.50	7,233,192.15
Interest income	12,206,182.83	14,163,458.85
Add: Other incomes	27,962,843.08	36,516,411.82
Investment income (loss is indicated with the mark "-")	541,353,170.68	306,599,481.14
Including: Investment income in associated businesses and joint ventures	40,016,345.16	32,794,916.53
Profit from derecognition of financial assets measured at amortized cost (loss is indicated with the mark "-")		
Net exposure hedging income (loss is indicated with the mark "-")		
Profit from changes in fair value (loss is indicated with the mark "-")	15,074,161.04	5,312,453.77
Credit impairment losses (loss is indicated with the mark "-")	-4,288,862.45	-7,561,068.26
Asset impairment losses (loss is indicated with the mark "-")	-90,142.08	-334,318.94
Asset disposal incomes (loss is indicated with the mark "-")	24,885.23	1,481.96
II. Operating profit (loss is indicated with the mark "-")	788,780,356.68	573,815,057.11
Add: Non-operating income	479,538.39	514,335.95

Less: Non-operating expenditure	495,956.36	339,643.61
III. Total profit (total loss is indicated with the mark “-”)	788,763,938.71	573,989,749.45
Less: Income tax expense	30,379,997.64	33,369,216.33
IV. Net profit (net loss is indicated with the mark “-”)	758,383,941.07	540,620,533.12
(I) Net profit from continued operations (net loss is indicated with the mark “-”)	758,383,941.07	540,620,533.12
(II) Net profit from discontinued operations (net loss is indicated with the mark “-”)		
V. Net of tax of other comprehensive incomes		
(I) Other comprehensive income that cannot be reclassified into profit or loss		
1. Additional metrology and establishment of changes in defined benefit plans		
2. Other comprehensive income that cannot be transferred to profit or loss using the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of the enterprise’s own credit risk		
5. Others		
(II) Other comprehensive incomes reclassified in profit or loss		
1. Other comprehensive income that can be transferred to profit or loss using the equity method		
2. Changes in fair value of other liability investments		
3. Amount of financial assets reclassified and included in other comprehensive income		
4. Provision for credit impairment of other liability investments		
5. Cash flow hedging reserve		
6. Differences in translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive incomes	758,383,941.07	540,620,533.12
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated cash flow statement

Unit: CNY

Item	2023	2022
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I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	5,609,993,603.35	4,947,138,367.49
Net increase in client deposits and deposits from banks		
Net increase in borrowing from the central bank		
Net increase in borrowing funds from other financial institutions		
Cash received from premiums from the original insurance contract		
Net cash received from reinsurance business		
Net increase in policyholders' savings and investment funds		
Cash for receiving interests, fees and commissions		
Net increase in borrowing funds		
Net increase in repurchase business funds		
Net cash received from purchasing and selling securities on behalf of agents		
Tax refunds received		
Other cash received relating to operating activities	279,190,996.64	253,752,407.62
Subtotal of cash inflows from operating activities	5,889,184,599.99	5,200,890,775.11
Cash paid for goods and services	1,429,054,309.34	1,186,278,766.99
Net increase in loans and advances to clients		
Net increase in deposits with central banks and inter-banks		
Cash used to pay compensation from original insurance contract		
Net increase in lending funds		
Cash for paying interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	2,358,990,954.90	2,118,465,104.34
Payments of taxes and levies	285,363,399.88	200,992,469.68
Other cash paid relating to operating activities	693,381,179.00	594,706,334.11
Subtotal of cash outflows from operating activities	4,766,789,843.12	4,100,442,675.12
Net cash flows from operating activities	1,122,394,756.87	1,100,448,099.99
II. Cash flows from investing activities:		
Cash received from disposal of investments	34,592,947.91	801,563.06
Cash received from returns on investments	12,220,345.11	4,693,635.91

Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,786,051.85	1,759,992.94
Net cash received from disposal of subsidiaries and other business departments		9,992.09
Other cash received relating to investing activities	518,928,601.19	573,313,746.56
Net cash flow from operating activities	567,527,946.06	580,578,930.56
Cash paid to acquire fixed assets, intangible assets and other long-term assets	653,476,570.54	642,375,334.24
Cash paid to acquire investments	108,596,170.06	3,558,620.00
Net increase in mortgage loans		
Net cash received from subsidiaries and other business departments	217,112,302.74	38,355,570.45
Other cash paid relating to investing activities	432,895,262.68	592,769,083.34
Subtotal of cash outflows from investment activities	1,412,080,306.02	1,277,058,608.03
Net cash flows from investing activities	-844,552,359.96	-696,479,677.47
III. Cash flows from financing activities:		
Cash received from capital contributions	3,608,020.00	315,439,965.49
Including: Subsidiaries' cash received from minority shareholders' investments	1,775,000.00	249,745,000.00
Cash received from borrowings	7,649,908.56	2,000,000.00
Other cash received relating to financing activities	6,584,757.28	0.00
Subtotal of cash inflows from financing activities	17,842,685.84	317,439,965.49
Cash paid to repay liabilities	121,630,957.51	66,779,148.38
Cash payments for distribution of dividends or profits or interest expenses	119,066,531.67	108,158,127.24
Including: Dividends and profits paid by subsidiaries to minority shareholders	12,822,000.00	3,864,000.00
Other cash paid relating to financing activities	204,993,395.56	122,285,988.55
Subtotal of cash outflows from financing activities	445,690,884.74	297,223,264.17
Net cash flows from financing activities	-427,848,198.90	20,216,701.32
IV. Impact of exchange rate changes on cash and cash equivalents	325,810.67	9,274,453.48
V. Net increase in cash and cash equivalents	-149,679,991.32	433,459,577.32
Add: Cash and cash equivalents at the beginning of the period	1,574,491,482.21	1,141,031,904.89
VI. Balance of cash and cash equivalents at the end of the period	1,424,811,490.89	1,574,491,482.21

6. Cash flow statement of the parent company

Unit: CNY

Item	2023	2022
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	1,121,657,789.64	1,097,177,446.58
Tax refunds received		
Other cash received relating to operating activities	2,714,125,587.56	2,250,073,126.27
Subtotal of cash inflows from operating activities	3,835,783,377.20	3,347,250,572.85
Cash paid for goods and services	359,428,850.59	361,930,654.55
Cash paid to and on behalf of employees	397,294,741.51	377,358,259.07
Payments of taxes and levies	46,745,318.55	39,926,299.96
Other cash paid relating to operating activities	2,593,520,340.49	2,259,259,917.22
Subtotal of cash outflows from operating activities	3,396,989,251.14	3,038,475,130.80
Net cash flows from operating activities	438,794,126.06	308,775,442.05
II. Cash flows from investing activities:		
Cash received from disposal of investments	32,031,254.52	
Cash received from returns on investments	43,748,404.63	167,463,841.23
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,094,372.15	441,168.28
Net cash received from disposal of subsidiaries and other business departments	0.00	0.00
Other cash received relating to investing activities	514,763,661.29	576,568,315.96
Net cash flow from operating activities	592,637,692.59	744,473,325.47
Cash paid to acquire fixed assets, intangible assets and other long-term assets	55,720,328.68	44,010,404.83
Cash paid to acquire investments	184,022,910.06	53,214,000.00
Net cash received from subsidiaries and other business departments	171,179,896.86	35,634,260.00
Other cash paid relating to investing activities	430,895,262.68	620,769,083.34
Subtotal of cash outflows from investment activities	841,818,398.28	753,627,748.17
Net cash flows from investing activities	-249,180,705.69	-9,154,422.70
III. Cash flows from financing activities:		
Cash received from capital contributions	1,083,020.00	65,694,965.49
Cash received from borrowings	29,178,000.00	47,626,000.00
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	30,261,020.00	113,320,965.49
Cash paid to repay liabilities	27,070,000.00	28,800,000.00
Cash payments for distribution of dividends or profits or interest expenses	105,686,021.30	104,511,877.59
Other cash paid relating to financing	101,294,599.28	49,709,221.04

activities		
Subtotal of cash outflows from financing activities	234,050,620.58	183,021,098.63
Net cash flows from financing activities	-203,789,600.58	-69,700,133.14
IV. Impact of exchange rate changes on cash and cash equivalents	3,052,211.13	960,495.52
V. Net increase in cash and cash equivalents	-11,123,969.08	230,881,381.73
Add: Cash and cash equivalents at the beginning of the period	844,297,714.57	613,416,332.84
VI. Balance of cash and cash equivalents at the end of the period	833,173,745.49	844,297,714.57

7. Consolidated statement of changes in owners' equity

Current amount

Unit: CNY

Item	2023														
	Equity attributable to owners of the parent company													Minority share holders' interests	Total owners' equity
	Share capital	Other equity instruments			Capital surplus	Less: Treasury share	Other comprehensive incomes	Special reserves	Surplus reserve	General risk reserve	Retained earnings	Other	Subtotal		
Preferred shares		Perpetual bonds	Other												
I. Balance at the end of the previous year	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
Add: Changes in accounting policies											1,451,018.14		1,451,018.14		1,451,018.14
Correction of prior													0.00		0.00

period errors																
thousands													0.00			0.00
II. Balance at the beginning of the current year	1,682,748,214.00	0.00	0.00	0.00	427,520,263.71	35,491,855.22	15,144,072.85	0.00	274,202,045.17	0.00	3,111,392,153.39	0.00	5,475,514,893.90	198,199,420.76	5,673,714,314.66	
III. Amount of change in the current period (decrease is indicated with the mark "-")	80,000.00	0.00	0.00	0.00	-292,794.70	83,803,862.08	4,433,074.05	0.00	75,838,394.11	0.00	733,575,397.62	0.00	729,830,209.00	15,651,672.75	745,481,881.75	
(I) Total comprehensive incomes							4,433,074.05				910,203,484.57		914,636,558.62	16,993,499.4	931,630,058.56	
(II) Capital contribution and with	80,000.00	0.00	0.00	0.00	-425,023.16	83,803,862.08	0.00	0.00	0.00	0.00	0.00	0.00	-84,148,852.4	11,450,797.85	-72,698,087.39	

drawal by owners															
1. Common share contributed by owners	80,000.00				645,200.00							725,200.00	-1,560.60	-835,409.20	
2. Capital invested by holders of other equity instruments												0.00		0.00	
3. Share-based payments recognized in owners' equity					0.00	83,803.862.08						-83,803.862.08		-83,803.862.08	
4. Others	0.00				-1,070.223.16					0.00		-1,070.223.16	13,011.407.05	11,941.183.89	
(III) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	75,838,394.11	0.00	-176,628,086.95	0.00	-100,789,692.84	-12,792.625.04	-113,582,317.88
1.									75,8		-		0.00		0.00

Appropriation of surplus reserve										38,394.11						75,838,394.11									
2. Appropriation of general risk reserve														0.00							0.00				
3. Distributions to owners (or shareholders)																	-	-	-	-	-	100,789,692.84	100,789,692.84	12,792,625.04	113,582,317.88
4. Others														0.00							0.00				
(IV) Internal carry-forward of owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
1. Capital increase converted from capital																								0.00	0.00

surplus (or share capital)															
2. Capital increase converted from surplus reserve (or share capital)												0.00		0.00	
3. Losses covered by surplus reserve												0.00		0.00	
4. Retained earnings carried forward from changes in defined benefit plans												0.00		0.00	
5. Retained earnings												0.00		0.00	

ings carri ed forw ard from other com preh ensiv e inco mes															
6. Othe rs					0.00								0.00		0.00
(V) Spec ial reser ves															0.00
1. Appr opria tion in this issue													0.00		0.00
2. Usag e in this issue													0.00		0.00
(VI) Othe rs					132, 228. 46						0.00		132, 228. 46		132, 228. 46
IV. Closi ng bala nce of the curre nt perio d	1,68 2,82 8,21 4.00	0.00	0.00	0.00	427, 227, 469. 01	119, 295, 717. 30	19,5 77,1 46.9 0	0.00	350, 040, 439. 28	0.00	3,84 4,96 7,55 1.01	0.00	6,20 5,34 5,10 2.90	213, 851, 093. 51	6,41 9,19 6,19 6.41

Amount of last period

Unit: CNY

Item	2022												
	Equity attributable to owners of the parent company												Min

	Share capital	Other equity instruments			Capital surplus	Less: Treasury share	Other comprehensive incomes	Special reserves	Surplus reserve	General risk reserve	Retained earnings	Other	Subtotal	Priority shareholders' interests	Owners' equity
		Preferred shares	Perpetual bonds	Other											
I. Balance at the end 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
Add: Changes in accounting policies													0.00		0.00
Correction of prior period errors													0.00		0.00
Others													0.00		0.00
II. Balance at the beginning of the current 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
III. Amount	9,660,000				240,826,000	35,491,800	-134,000		54,062,000		747,833,000		1,016,750,000	97,913,100	1,114,663,100

unt of change in the current period (decrease is indicated with the mark "-")	0.00				316.58	55.22	872.94		53.31		362.03		5,003.76	10.31	8,114.07
(I) Total comprehensive incomes							-134,872.94				902,731,908.18		902,597,035.24	21,864,717.51	924,461,752.75
(II) Capital contribution and with drawal by owners	9,660,000.00				218,783,633.14	35,491,855.22							192,951,777.92	81,913,017.80	274,864,795.72
1. Common share contributed by owners	9,660,000.00				53,993,100.00								63,653,100.00	86,535,833.00	150,188,933.00
2. Capital invested by hold													0.00		0.00

ers of other equit y instr ume nts															
3. Shar e- base d pay ment s reco gniz ed in own ers' equit y					525, 900. 46	35,4 91,8 55.2 2							- 34,9 65,9 54.7 6	- 34,9 65,9 54.7 6	
4. Othe rs					164, 264, 632. 68								164, 264, 632. 68	- 4,62 2,81 5.20	159, 641, 817. 48
(III) Profi t distri butio n								54,0 62,0 53.3 1		- 154, 898, 546. 15			- 100, 836, 492. 84	- 5,86 4,62 5.00	- 106, 701, 117. 84
1. Appr opria tion of surpl us reser ve								54,0 62,0 53.3 1		- 54,0 62,0 53.3 1			0.00	0.00	
2. Appr opria tion of gene ral risk reser ve													0.00	0.00	
3. Distr										- 100,			- 100,	- 5,86	- 106,

Contributions to owners (or shareholders)											836,492.84		836,492.84	4,625.00	701,117.84
4. Others													0.00		0.00
(IV) Internal carry-forward of owners' equity													0.00		0.00
1. Capital increase converted from capital surplus (or share capital)													0.00		0.00
2. Capital increase converted from surplus reserve (or share													0.00		0.00

capit al)															
3. Loss es cove red by surpl us reser ve													0.00		0.00
4. Retai ned earni ngs carri ed forw ard from chan ges in defin ed bene fit plans													0.00		0.00
5. Retai ned earni ngs carri ed forw ard from other com preh ensiv e inco mes													0.00		0.00
6. Othe rs													0.00		0.00
(V) Spec ial reser													0.00		0.00

ves														
1. Appropriation in this issue												0.00		0.00
2. Usage in this issue												0.00		0.00
(VI) Others					22,042,683.44							22,042,683.44		22,042,683.44
IV. Closing 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	5,672,263,329.652

8. Statement of changes in owner's equity of the parent company

Current amount

Unit: CNY

Item	2023											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury share	Other comprehensive incomes	Special reserves	Surpluses reserve	Retained earnings	Other	Total owners' equity
		Preferr ed shares	Perpet ual bonds	Other								
I. Balance at the end of the previous year	1,682,748,214.00				284,015,393.99	35,491,855.22	0.00		272,823,853.68	1,797,019,711.75		4,001,115,318.20
Add: Changes in account										495,778.16		495,778.16

ting policies												
correction of prior period errors												0.00
others												0.00
II. Balance at the beginning of the current year	1,682,748,214.00	0.00	0.00	0.00	284,015,393.99	35,491,855.22	0.00	0.00	272,823,853.68	1,797,515,489.91	0.00	4,001,611,096.36
III. Amount of change in the current period (decrease is indicated with the mark "-")	80,000.00	0.00	0.00	0.00	777,428.46	83,803,862.08	0.00	0.00	75,838,394.11	581,755,854.12	0.00	574,647,814.61
(I) Total comprehensive incomes										758,383,941.07		758,383,941.07
(II) Capital contribution and withdrawal by owners	80,000.00	0.00	0.00	0.00	645,200.00	83,803,862.08	0.00	0.00	0.00	0.00	0.00	-83,078,662.08
1. Common	80,000.00				645,200.00							725,200.00

share contributed by owners												
2. Capital invested by holders of other equity instruments												0.00
3. Share-based payments recognized in owners' equity					0.00	83,803,862.08						-83,803,862.08
4. Others	0.00				0.00					0.00		0.00
(III) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	75,838,394.11	-176,628,086.95	0.00	-100,789,692.84
1. Appropriation of surplus reserve									75,838,394.11	-75,838,394.11		0.00
2. Distributions to owners (or shareholders)										-100,789,692.84		-100,789,692.84
3. Others												0.00
(IV) Internal carry-forward of owners	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

equity												
1. Capital increase converted from capital surplus (or share capital)												0.00
2. Capital increase converted from surplus reserve (or share capital)												0.00
3. Losses covered by surplus reserve												0.00
4. Retained earnings carried forward from changes in defined benefit plans												0.00
5. Retained earnings carried												0.00

forward from other comprehensive incomes												
6. Others					0.00							0.00
(V) Special reserves												0.00
1. Appropriation in this issue												0.00
2. Usage in this issue												0.00
(VI) Others					132,228.46					0.00		132,228.46
IV. Closing balance of the current period	1,682,828,214.00	0.00	0.00	0.00	284,792,822.45	119,295,717.30	0.00	0.00	348,662,247.79	2,379,271,344.03	0.00	4,576,258,910.97

Amount of last period

Unit: CNY

Item	2022											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury share	Other comprehensive incomes	Special reserves	Surplus reserve	Retained earnings	Other	Total owners' equity
		Preferr ed shares	Perpet ual bonds	Other								
I. Balance at the end of the previous year	1,673,088,214.00				207,453,710.09		0.00		218,761,800.37	1,411,297,724.78		3,510,601,449.24

Add: Changes in accounting policies												0.00
Correction of prior period errors												0.00
Others												0.00
II. Balance at the beginning of the current year	1,673,088,214.00	0.00	0.00	0.00	207,453,710.09	0.00	0.00	0.00	218,761,800.37	1,411,297,724.78	0.00	3,510,601,449.24
III. Amount of change in the current period (decrease is indicated with the mark "-")	9,660,000.00	0.00	0.00	0.00	76,561,683.90	35,491,855.22	0.00	0.00	54,062,053.31	385,721,986.97	0.00	490,513,868.96
(I) Total comprehensive incomes										540,620,533.12		540,620,533.12
(II) Capital contribution and withdrawal by	9,660,000.00	0.00	0.00	0.00	54,519,000.46	35,491,855.22	0.00	0.00	0.00	0.00	0.00	28,687,145.24

owners												
1. Common share contributed by owners	9,660,000.00				53,993,100.00							63,653,100.00
2. Capital invested by holders of other equity instruments												0.00
3. Share-based payments recognized in owners' equity					525,900.46	35,491,855.22						-34,965,954.76
4. Others	0.00				0.00					0.00		0.00
(III) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	54,062,053.31	-154,898,546.15	0.00	-100,836,492.84
1. Appropriation of surplus reserve									54,062,053.31	-54,062,053.31		0.00
2. Distributions to owners (or shareholders)										-100,836,492.84		-100,836,492.84
3. Others												0.00
(IV)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Internal carry-forward of owners' equity												
1. Capital increase converted from capital surplus (or share capital)												0.00
2. Capital increase converted from surplus reserve (or share capital)												0.00
3. Losses covered by surplus reserve												0.00
4. Retained earnings carried forward from changes in defined benefit plans												0.00
5.												0.00

Retained earnings carried forward from other comprehensive incomes												
6. Others					0.00							0.00
(V) Special reserves												0.00
1. Appropriation in this issue												0.00
2. Usage in this issue												0.00
(VI) Others					22,042,683.44					0.00		22,042,683.44
IV. Closing balance of the current period	1,682,748,214.00	0.00	0.00	0.00	284,015,393.99	35,491,855.22	0.00	0.00	272,823,853.68	1,797,019,711.75	0.00	4,001,115,318.20

III. Basic information

Company registration place, organizational form and headquarter address

Centre Testing International Group Co., Ltd. (hereinafter referred to as “the Company”) was formerly known as Shenzhen Centre Testing International Testing Technology Co., Ltd. It was established with the approval of the Shenzhen Municipal Administration for Industry and Commerce of Guangdong Province, and was jointly funded by natural persons Wan Lipeng and Zhang Li. It was registered with the Shenzhen Municipal Administration for Industry and Commerce of Guangdong Province on December 23, 2003, and its headquarter is located in Shenzhen, Guangdong Province. The Company was listed on the Shenzhen

Stock Exchange on October 30, 2009 and currently holds a business license with a unified social credit code of 91440300757618160G.

After the issuance of bonus shares, placement of new shares, conversion of share capital and additional issue of new shares over the years, as of December 31, 2023, the Company has issued a total of 168,282,214 shares of share capital, with a registered capital of CNY 168,282,214 yuan; registered address: Room 101, Building 1, CTI Building, Xingdong Community, Xin'an Street, Bao'an District, Shenzhen, Guangdong. Headquarter address: Room 101, Building 1, CTI Building, Xingdong Community, Xin'an Street, Bao'an District, Shenzhen, Guangdong, China. The ultimate actual controller of the Group is Wan Feng.

The nature of the Company's business and its main business activities

The Company is engaged in the technical testing industry, and its main products and services are testing services in the fields of life sciences, industrial testing, consumer goods testing, trade assurance, pharmaceuticals and medical services.

Scope of consolidated financial statements

A total of 138 subsidiaries of the Company were included in the scope of consolidation in the current period, as detailed in Note 8. Interests in other entities. Compared with the previous period, the number of entities included in the scope of consolidated financial statements in the current period increased by 18 and decreased by 2. For detailed information on the entities with changed scope of consolidation, refer to Note 7. Changes in the scope of consolidation.

Approval and reporting of financial statements

This financial statements were approved by the Company's Board of Directors on April 17, 2024.

IV. Basis for preparation of financial statements

1. Basis for preparation

The Company recognizes and measures the actual transactions and events in accordance with the *Accounting Standards for Business Enterprises - Basic Standards* and specific accounting standards for Business Enterprises, Application Guidelines for Accounting Standards for Business Enterprises, interpretation of Accounting Standards for Business Enterprises and other relevant provisions promulgated by the Ministry of Finance (hereinafter collectively referred to as "Accounting Standards for Business Enterprises"). The financial statements are prepared in accordance with the provisions of the China Securities Regulatory Commission's *Rules No. 15 on Information Disclosure and Reporting for Companies that Issue Securities Publicly - General Provisions for Financial Statements* (revised in 2023).

2. Going concern

The Company has evaluated its ability to go as a going concern for the 12 months from the end of the reporting period and has not identified matters or circumstances that raise significant doubt about its going concern. Therefore, these financial statements are prepared on the basis of going concern assumption.

V. Important accounting policies and accounting estimates

Specific accounting policies and accounting estimates:

The Company determines specific accounting policies and accounting estimates based on its production and operation characteristics, which are mainly reflected in the valuation method of inventory, the method of setting aside bad liability reserves for accounts receivable, depreciation of fixed assets and amortization of intangible assets, the metrology model of investment properties, the timing of income recognition.

1. Declaration of compliance with Accounting Standards for Business Enterprises

The financial statement prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the Company's financial status, operating results, cash flow and other relevant information during the reporting period.

2. Accounting period

A fiscal year is from January 1 to December 31 of the Gregorian calendar.

3. Operating cycle

The operating cycle is the period from when an enterprise purchases assets for processing to when it realizes cash or cash equivalents. The Company takes 12 months as an operating cycle and uses it as the liquidity standard for classifying assets and liabilities.

4. Recording currency

The CNY is used as the accounting currency.

5. Method for determining importance criteria and basis for selection

Applicable Not applicable

Item	Importance criteria
Important non-wholly owned subsidiaries	Current assets, non-current assets, current liabilities, non-current liabilities, operating income, and net profit exceeds 0.5% of operating income
Prepayments with an aging of more than one year and significant amounts	Prepayments that are older than one year and exceed 0.2% of operating income
Important projects under construction	2% of operating income
Important accounts payable aged more than one year	Accounts payable that are older than one year and exceed 0.2% of operating income
Significant joint ventures or associated businesses	Book value of long-term equity investment in a single invested unit exceeds 2% of operating income

6. Accounting treatment methods for business combination not under common control and those not under the same control

1. If the terms, conditions, and economic impact of each transaction in the step-by-step enterprise merger process meet one or more of the following criteria, multiple transactions are treated as a single bundled transaction for accounting purposes

- (1) The transactions are agreed upon simultaneously or with consideration of their mutual impact;
- (2) The transactions together achieve a complete commercial result;
- (3) A transaction is economically unfeasible on its own, but becomes viable when considered with other transactions.
- (4) A transaction is economically unfeasible on its own, but becomes viable when considered with other transactions.

2. Merger of companies under common control

The assets and liabilities acquired by the Company in a business combination are measured at the carrying amounts of the assets and liabilities of the merged party (including goodwill arising from the acquisition of the merged party by the ultimate controlling party) as stated in the consolidated financial statements of the ultimate controlling party on the date of the combination. The difference between the book value of the net assets acquired in the merger and the book value of the merger consideration paid (or the total nominal value of the issued shares), the capital premium in the capital reserve is adjusted, and the retained earnings are adjusted if the capital premium in the capital reserve is insufficient to be written off.

If there is contingent consideration and it is necessary to recognize a provision or asset, the difference between the amount of the provision or asset and the subsequent settlement amount of the contingent consideration should be used to adjust the capital reserve (capital premium or share premium). If the capital reserve is insufficient, the retained earnings should be adjusted.

For business combination ultimately achieved through multiple transactions, if it is a package deal, each transaction will be accounted for as a transaction to obtain control; if it is not a package deal, on the date of obtaining control, the difference between the initial investment cost of the long-term equity investment and the sum of the book value of the long-term equity investment before the merger plus the book value of the new payment for further shares acquired on the merger date will be used to adjust the capital reserve; if the capital reserve is insufficient to offset the reduction, the retained earnings will be adjusted. For equity investments held prior to the merger date, other comprehensive income recognized as a result of accounting using the equity method or financial instrument recognition and measurement standards is not accounted for until such investment is disposed of on the same basis as the investee's direct disposal of the relevant assets or liabilities; Other changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the investee recognized using the equity method are temporarily not accounted for until they are transferred to the current profit and loss when the investment is disposed of.

3. Business combination not under common control

The purchase date refers to the date when the Company actually obtains control over the purchased party, that is, the date when control over the net assets or production and operation decisions of the purchased party is transferred to the Company. When the following conditions are met at the same time, the Company generally considers that the transfer of control has been achieved:

- (1) The business merger contract or agreement has been approved by the Company's internal authority.
- (2) Enterprise merger matters that need to be reviewed and approved by the relevant national competent authorities have been approved.
- (3) The necessary procedures for the transfer of property rights have been completed.
- (4) The Company has paid the majority of the Merger Price and has the ability and plan to pay the remaining balance.
- (5) The Company has actually controlled the financial and operating policies of the acquired party and enjoys the corresponding benefits and bears the corresponding risks.

The Company measures assets given, liabilities incurred or assumed as consideration for a business combination at the date of purchase in fair value, and the difference between the fair value and its carrying amount is recognized in profit or loss in the current period.

The Company recognizes the difference between the cost of the merger and the share of the fair value of the identifiable net assets of the acquired party obtained in the merger as goodwill. If the cost of the merger is less than the share of the fair value of the identifiable net assets of the acquired party obtained in the merger, the Company will first review the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired party and the metrology of the merger cost. If, after the review, the cost of the merger is still less than the share of the fair value of the identifiable net assets of the acquired party obtained in the merger, it will be included in the current period's profit and loss.

If the merger of enterprises not under the same control is realized step by step through multiple exchange transactions, and it is a package transaction, each transaction will be accounted for as a transaction to obtain control; if it is not a package transaction, the equity held before the merger date will be accounted for. If the investment is accounted for using the equity method, the sum of the book value of the equity investment in the purchased party held before the purchase date and the new investment cost on the purchase date should be the initial investment cost of the investment; Other comprehensive income recognized under equity method accounting should be accounted for on the same basis as when the invested unit directly disposes related assets or liabilities when disposing of the investment. If the equity investment held before the merger date is accounted for using the financial instrument recognition and metrology criteria, the sum of the fair value of the equity investment on the merger date plus the new investment cost will be the initial investment cost on the merger date. The difference between the fair value and the book value of the original equity holding and the cumulative fair value changes originally included in other comprehensive income should all be transferred to investment income in the period on the merger date.

4. Costs associated with the merger

Intermediary fees such as auditing, legal services, assessment and consulting fees, and other directly related costs incurred for the business combination are recognized in profit or loss when incurred; transaction costs for the issuance of equity securities for

the purpose of the business combination are deducted from equity to the extent that they are directly attributable to the equity transaction.

7. Control judgment standards and preparation methods of consolidated financial statements

1. Judgment criteria for control

Control means that the investor has power over the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use its power over the investee to influence the amount of its returns.

The Company makes a determination as to whether it controls an investee based on a comprehensive consideration of all relevant facts and circumstances. Once changes in relevant facts and circumstances result in changes in the relevant elements involved in the definition of control, the Company will reassess. The relevant facts and circumstances mainly include:

- (1) The establishment purpose of the investee.
- (2) Related activities of the investee and how to make decisions on related activities.
- (3) Whether the rights enjoyed by the investor currently enable it to dominate the relevant activities of the investee.
- (4) Whether the investor enjoys variable returns by participating in the relevant activities of the investee.
- (5) Whether the investor has the ability to use its power over the investee to affect its return amount.
- (6) Relationship between investors and other parties.

2. Merging range

The scope of the Company's consolidated financial statements is determined on the basis of control, and all subsidiaries (including separate entities controlled by the Company) are included in the consolidated financial statements.

3. Merging program

The Company prepares consolidated financial statements based on its own and its subsidiaries' financial statements and other relevant information. The Company prepares consolidated financial statements, treating the entire enterprise group as an accounting entity, and reflects the overall financial position, operating results and cash flows of the enterprise group in accordance with the recognition, metrology and reporting requirements of relevant enterprise accounting standards and in accordance with unified accounting policies.

All subsidiaries included in the scope of consolidation of the consolidated financial statements adopt accounting policies and accounting periods that are consistent with those of the Company, and if the subsidiaries adopt accounting policies and accounting periods that are inconsistent with those of the Company, the necessary adjustments are made in the preparation of the consolidated financial statements in accordance with the Company's accounting policies and accounting periods.

When consolidating financial statements, the impact of internal transactions between the Company and its subsidiaries and between subsidiaries on the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, and consolidated statement of changes in shareholders' equities is eliminated. If the identification of the same transaction from the perspective of the consolidated financial statements of the enterprise group is different from the identification of the same transaction from the perspective of the enterprise group with the Company or its subsidiaries as the accounting entity, the transaction is adjusted from the perspective of the enterprise group.

The owner's equity of subsidiaries, current net profit and loss and current comprehensive income belonging to minority shareholders are presented separately under the owner's equity item in the consolidated balance sheet, the net profit item and the total comprehensive income item in the consolidated income statement. If the current losses shared by the minority shareholders of a subsidiary exceed the minority shareholders' share of the subsidiary's opening owner's equity, the balance is offset against the minority shareholders' equities.

For a subsidiary acquired through a business combination under common control, its financial statements will be adjusted based on the book value of its assets and liabilities (including the goodwill formed by the ultimate controller's acquisition of the subsidiary) in the financial statements of the ultimate controller..

For a subsidiary acquired through a business combination not under common control, their financial statements will be adjusted based on the fair value of the identifiable net assets on the date of acquisition.

4. Addition of subsidiaries or businesses

During the reporting period, if a subsidiary or business is added due to a merger of companies under common control, the beginning balance of the consolidated balance sheet should be adjusted; the income, expenses and profits of the subsidiaries or businesses from the beginning of the current period to the end of the reporting period should be included in the consolidated income statement; the cash flows of the subsidiaries or businesses from the beginning of the current period to the end of the reporting period should be included in the consolidated cash flow statement, and the relevant items of the comparative statements should be adjusted at the same time, as if the combined reporting entity has always existed since the point when the ultimate controlling party begins to control.

If control over the investee under the same control is able to be exercised due to additional investment, etc., the parties involved in the merger are deemed to have been adjusted based on their current status when the ultimate controlling party began to control. For the equity investment held before obtaining control of the merged party, the relevant profit and loss, other comprehensive income and other changes in net assets have been recognized between the later of the date of acquisition of the original equity and the date on which the merging party and the merged party were under the same control and the merger date, whichever is later, and are offset against the beginning retained earnings or current profit and loss of the comparative statement period.

During the reporting period, if a subsidiary or business is added due to a business combination not under common control, the opening balance of the consolidated balance sheet will not be adjusted; the income, expenses and profits of the subsidiary or business from the date of acquisition to the end of the reporting period will be included in the consolidation Income statement; the cash flow of the subsidiary or business from the date of acquisition to the end of the reporting period is included in the consolidated cash flow statement.

If it is able to exercise control over an investee that is not under the same control due to additional investment or other reasons, the Company will remeasure the equity of the acquiree held before the purchase date based on the fair value of the equity on the purchase date, and the fair value should be the same as that of the purchase date. The difference in book value is included in the current investment income. If the equities of the acquiree held before the acquisition date involve other comprehensive income accounted for using the equity method and other changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution, the other comprehensive income and other changes in owners' equity related to them should be transferred to investment income of the current period on the acquisition date, except for other comprehensive income arising from the re-metrology of the net liabilities or changes in net assets of the defined benefit plan by the investee.

5. Disposal of subsidiaries or businesses

1) General treatment methods

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 should be included in the consolidated income statement; the cash flow of the subsidiary or business from the beginning of the period to the date of disposal should be included in the consolidated cash flow surface.

When the Company loses control over the investee due to the disposal of part of the equity investment or other reasons, the Company will remeasure the remaining equity investment after the disposal according to its fair value on the date of loss of control. The difference between the sum of the consideration received for the disposal of equity and the fair value of the remaining equity, less the sum of the share of the original subsidiary's net assets continuously measured from the date of purchase or the date of consolidation based on the proportion of the original shareholding, and goodwill, is recognized as investment income in the period in which the control is lost. Other comprehensive income related to the equity investment in the original subsidiary or other changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution are converted into current investment income when control is lost, except for other comprehensive income arising from the investee's re-metrology of the net liabilities or changes in net assets of the defined benefit plan.

2) Disposal of subsidiaries in stages

Where the equity investment in a subsidiary is disposed of in stages through multiple transactions until control is lost, the terms, conditions and economic impact of each transaction for the disposal of the equity investment in the subsidiary meet one or more of the following conditions, which usually indicates that the multiple transactions should be accounted for as a package transaction:

- A. These transactions are entered into simultaneously or with consideration of each other's impact;
- B. These transactions as a whole can achieve a complete business result;
- C. The occurrence of one transaction depends on the occurrence of at least one other transaction;
- D. A transaction that is uneconomical on its own is economical when considered together with other transactions.

If the various transactions involving the disposal of equity investments in subsidiaries until the loss of control belong to a package transaction, the Company will account for each transaction as a transaction in which the subsidiary is disposed of and the control is lost; however, each transaction before the loss of control The difference between the disposal price and the share of the subsidiary's net assets corresponding to the disposal investment is recognized as other comprehensive income in the consolidated financial statements, and is transferred to the profit and loss of the current period when control is lost.

If the various transactions for disposing of the equity investment in the subsidiary until the loss of control do not constitute a package deal, before the loss of control, the accounting treatment should be conducted in accordance with the relevant policies for the partial disposal of the equity investment in the subsidiary without losing control; when the control is lost, the accounting treatment should be conducted in accordance with the general method for disposal of subsidiaries.

6. Purchase of minority interests in subsidiaries

The difference between the long-term equity investment newly acquired by the Company due to the purchase of minority interests and the share of net assets, calculated on a continuous basis from the purchase date (or consolidation date), to which it is entitled based on the additional shareholding ratio, is adjusted to the share premium in the consolidated balance sheet's capital reserve. If the share premium in the capital reserve is insufficient to offset the difference, retained earnings are adjusted accordingly.

7. Partial disposal of equity investments in subsidiaries without loss of control

The difference between the proceeds from the partial disposal of long-term equity investments in subsidiaries without loss of control and the share of net assets, calculated on a continuous basis from the purchase date or consolidation date, corresponding to the disposed long-term equity investment, is adjusted to the share premium in the consolidated balance sheet's capital reserve. If the share premium in the capital reserve is insufficient to offset the difference, retained earnings are adjusted accordingly.

8. Classification of joint arrangements and accounting methods for joint operations

1. Classification of joint arrangements

The Company classifies joint arrangements based on the structure of the arrangement, its legal form, the terms agreed upon in the arrangement, and other relevant facts and circumstances. Joint arrangements are categorized into joint operations and joint ventures.

Joint arrangements not established through a separate legal entity are classified as joint operations. Joint arrangements established through a separate legal entity are generally classified as joint ventures. However, joint arrangements that meet any of the following conditions, with conclusive evidence, are classified as joint operations, provided they comply with applicable laws and regulations:

1. The legal form of the joint arrangement indicates that the parties to the arrangement has rights and obligations respectively with respect to the relevant assets and liabilities in the arrangement.

2. The contractual terms of the joint arrangement indicate that the parties to the arrangement has rights and obligations respectively with respect to the relevant assets and liabilities in the arrangement.

3. Other relevant facts and circumstances indicate that the parties to the arrangement has rights and obligations respectively with respect to the relevant assets and liabilities in the arrangement. For example,

the parties own nearly all the output from the joint arrangement, and the settlement of the arrangement's liabilities depends on the ongoing support from the parties involved.

2. Accounting methods for joint operations

The Company recognizes and accounts for the following items related to its interest in joint operations in accordance with relevant rules in the Accounting Standards for Business Enterprises:

1. Recognize assets held solely by the Company and, for jointly held assets, recognize them according to the Company's share;

2. Recognize liabilities assumed solely by the Company and, for jointly assumed liabilities, recognize them according to the Company's share;

3. Recognize income from the sale of the Company's share of joint operation output;

4. Recognize income generated by the joint operation's sale of output in proportion to the Company's share;

5. Recognize expenses incurred solely by the Company and, for jointly incurred expenses, recognize them according to the Company's share.

If the Company contributes or sells assets to a joint operation (excluding assets constituting a business), any gain or loss arising from this transaction is recognized only to the extent attributable to the other participants in the joint operation, until those assets are sold to a third party. If the contributed or sold assets incur asset impairment losses in accordance with *Accounting Standards for Business Enterprises No. 8 - Asset Impairment* or other relevant regulations, the Company recognizes such losses in full.

If the Company purchases assets from a joint operation (excluding assets constituting a business), any gain or loss arising from this transaction is recognized only to the extent attributable to the other participants in the joint operation, until those assets are sold to a third party. If the purchased assets incur asset impairment losses in accordance with *Accounting Standards for Business Enterprises No. 8 - Asset Impairment* or other relevant regulations, the Company recognizes such losses according to its share of ownership.

If the Company does not have joint control over a joint operation but holds rights to the relevant assets and is responsible for the relevant liabilities of the joint operation, it still applies the accounting treatment described above. Otherwise, it should follow the applicable rules in the Accounting Standards for Business Enterprises.

9. Criteria for determining cash and cash equivalents

In preparing the cash flow statement, the Company recognizes cash on hand and deposits that can be used for payments at any time as cash. Investments that meet the following four conditions are classified as cash equivalents: short-term maturity (generally

maturing within three months from the date of purchase), high liquidity, easily convertible into known amounts of cash, and minimal risk of value fluctuation.

10. Foreign currency transactions and translation of foreign currency statements

1. Foreign currency transactions

Transactions in foreign currencies are initially recorded in CNY using the spot exchange rate on the date of the transaction.

On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate as of that date. Any resulting exchange differences, except for those related to foreign currency-denominated specific borrowings for the acquisition or construction of qualifying assets, which are treated according to the principles of capitalization of borrowing costs, are recognized in the current period's profit or loss. For foreign currency non-monetary items measured at historical cost, the translation is based on the spot exchange rate on the date of the transaction, and their recording currency amount remains unchanged.

For foreign currency non-monetary items measured at fair value, the translation is based on the spot exchange rate on the date when the fair value is determined. The difference between the translated accounting currency amount and the original accounting currency amount, resulting from the change in fair value (including exchange rate fluctuations), is either recognized in the current period's profit or loss or recorded as other comprehensive income.

2. Translation of foreign currency financial statements

For the balance sheet, asset and liability items are translated using the spot exchange rate on the balance sheet date. For owners' equity items, except for "retained earnings", all other items are translated using the spot exchange rate at the time they were incurred. Income and expense items in the income statement are translated using the spot exchange rate on the date of the transaction. The resulting translation differences in foreign currency financial statements are recorded in other comprehensive income.

When disposing of a foreign operation, the translation differences in other comprehensive income, related to that foreign operation, are transferred to the income statement for the period in which the disposal occurs. In cases where a partial disposal of equity investments or other reasons lead to a reduction in ownership percentage in a foreign operation but do not result in loss of control, the translation differences associated with the portion disposed will be attributed to interest of minority shareholders and will not be transferred to the current period's income statement. For partial disposal of equity in a foreign operation classified as an associate or joint venture, the translation differences related to that foreign operation are transferred to the income statement for the period in which the disposal occurs, proportionate to the disposal.

11. Financial instruments

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

The effective interest method refers to the method for calculating the amortized cost of a financial asset or financial liability and for allocating interest income or interest expense over different accounting periods.

The effective interest rate is the rate that discounts estimated future cash flows over the expected life of a financial asset or financial liability to the carrying amount of the financial asset or the amortized cost of the financial liability. In determining the effective interest rate, all contractual terms of the financial asset or financial liability (such as early repayment, extension, call options, or other similar options) are taken into consideration when estimating the expected cash flows, but expected credit losses are not considered.

The amortized cost of a financial asset or financial liability is the initial recognition amount of the financial asset or financial liability, minus any principal repayments, plus or minus the cumulative amortization of the difference between the initial recognition amount and the amount due at maturity using the effective interest method, and minus any cumulative loss provisions (applies only to financial assets).

1. Classification, recognition, and measurement of financial assets

The Company classifies its financial assets into the following three categories based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets:

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

Financial assets are initially measured at fair value. However, accounts receivable or notes receivable resulting from the sale of goods or services that do not contain significant financing components, or where the financing component is for a period of less than one year, are initially measured at the transaction price.

For financial assets measured at fair value through profit or loss, transaction costs are expensed directly in the current period's profit or loss. For other types of financial assets, the transaction costs are included in the initial measurement of the asset.

The subsequent measurement of financial assets depends on their classification. A reclassification of financial assets is made only when there is a change in the business model for managing financial assets. In such cases, all affected financial assets are reclassified accordingly.

(1) Classification of financial assets measured at amortized cost

If the contractual terms of a financial asset stipulate that the cash flows arising on specific dates are solely payments of principal and interest based on the outstanding principal amount, and the business model for managing the financial asset is aimed at collecting contractual cash flows, the Company classifies this financial asset as measured at amortized cost. Financial assets classified as measured at amortized cost by the Company include cash and cash equivalents, notes receivable, accounts receivable, other receivables, and liability investments.

For such financial assets, the Company recognizes interest income using the effective interest method and carries out subsequent measurement at amortized cost. Any gains or losses arising from impairment, derecognition, or modification are

recorded in the current period's profit or loss. Exceptions to calculating interest income by multiplying the carrying amount of the financial asset by the effective interest rate are as follows:

1) For purchased or originated credit-impaired financial assets, the Company determines interest income from initial recognition by applying the credit-adjusted effective interest rate to the asset's amortized cost.

2) For purchased or originated non-credit-impaired financial assets that subsequently become credit-impaired, the Company calculates interest income during subsequent periods by applying the effective interest rate to the asset's amortized cost. If the credit risk of this financial asset improves during subsequent periods, such that it is no longer credit-impaired, the Company reverts to calculating interest income by multiplying the effective interest rate by the carrying amount of the financial asset.

(2) Classification as financial assets measured at fair value through other comprehensive income

If the contractual terms of a financial asset specify that cash flows will be solely payments of principal and interest on the principal amount outstanding, and the business model for managing the asset is intended both to collect contractual cash flows and to sell the asset, the Company classifies the asset as a financial asset measured at fair value through other comprehensive income.

The Company recognizes interest income for these financial assets using the effective interest method. Except for interest income, impairment losses, and exchange differences recognized in profit or loss, all other fair value changes are recognized in other comprehensive income. When such financial assets are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

Notes receivable and accounts receivable measured at fair value through other comprehensive income are reported as receivables financing, while other similar financial assets are reported as other liability investments. Among these, other liability investments maturing within one year from the balance sheet date are classified as current assets, while those originally maturing within one year but extended to beyond one year are classified as non-current assets within one year.

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

At initial recognition, the Company may irrevocably designate non-trading equity instruments as financial assets measured at fair value through other comprehensive income on a single asset basis.

For these financial assets, changes in fair value are recorded in other comprehensive income without the need for impairment provisions. When such financial assets are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to retained earnings. During the period in which the Company holds these equity instrument investments, if the Company has the right to receive dividends, the economic benefits associated with the dividends are likely to flow to the Company, and the amount of dividends can be reliably measured, the Company recognizes dividend income in profit or loss. The Company reports such financial assets under the equity instrument investments category.

Equity instrument investments meeting one of the following conditions are classified as financial assets measured at fair value through profit or loss: the main purpose of acquiring the financial asset is for near-term sale; at initial recognition, it is part of a concentrated portfolio of identifiable financial assets managed as a whole, and there is objective evidence of a short-term profit-taking model; or it is a derivative instrument (excluding those that qualify as financial guarantees and derivatives designated as effective hedging instruments).

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

Financial assets that do not meet the criteria for classification as financial assets measured at amortized cost or fair value through other comprehensive income, and are not designated as fair value through other comprehensive income, are classified as financial assets measured at fair value through profit or loss.

The Company measures such financial assets at fair value and recognizes gains or losses from fair value changes, along with dividends and interest income associated with these financial assets, in the current period's profit or loss.

The Company reports these financial assets in the trading financial assets or other non-current financial assets categories based on their liquidity.

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

At initial recognition, the Company may irrevocably designate a financial asset, on an individual basis, as measured at fair value through profit or loss to eliminate or significantly reduce accounting mismatches.

When a hybrid contract contains one or more embedded derivatives and the host contract does not fall into one of the financial asset categories previously mentioned, the Company may designate the entire hybrid contract as a financial asset measured at fair value through profit or loss. However, there are exceptions to this rule:

1) Embedded derivatives do not significantly modify the cash flows of the hybrid contract.

2) When determining whether similar hybrid contracts need to be split at initial recognition, it is almost unnecessary to analyze whether embedded derivatives should be split. For instance, embedded options such as prepayment rights in loans, which allow the holder to repay the loan at an amount close to the amortized cost, do not require splitting.

The Company measures such financial assets at fair value and recognizes gains or losses from fair value changes, along with dividends and interest income associated with these financial assets, in the current period's profit or loss.

The Company reports these financial assets in the trading financial assets or other non-current financial assets categories based on their liquidity.

2. Classification, recognition, and measurement of financial liabilities

The Company classifies a financial instrument, or its component parts, as a financial liability or an equity instrument based on the contractual terms and the economic substance rather than solely on legal form. This classification is determined at initial recognition by reference to the definitions of financial liabilities and equity instruments. Financial liabilities are classified into three categories at initial recognition: financial liabilities measured at fair value through profit or loss, other financial liabilities, derivative instruments designated as effective hedging tools.

Financial liabilities are initially measured at fair value. For financial liabilities measured at fair value through profit or loss, related transaction costs are expensed in the current period's profit or loss. For other types of financial liabilities, transaction costs are included in the initial recognition amount.

The subsequent measurement of financial liabilities depends on their classification:

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

This category includes trading financial liabilities (including derivative instruments classified as financial liabilities) and financial liabilities designated at initial recognition as measured at fair value through profit or loss.

A financial liability is considered a trading financial liability if it meets any of the following conditions: the primary purpose for incurring the financial liability is to sell or repurchase it in the near term; it is part of a portfolio of identifiable financial instruments managed as a group, with objective evidence indicating that the entity is adopting a short-term profit-taking approach; it is a derivative instrument, except for derivatives designated as effective hedging instruments and those that meet the definition of financial guarantee contracts. Trading financial liabilities (including derivatives that are classified as financial liabilities) are subsequently measured at fair value. All changes in fair value, except those related to hedge accounting, are recorded in the current period's profit or loss.

At initial recognition, the Company may irrevocably designate a financial liability as measured at fair value through profit or loss to provide more relevant accounting information if one of the following conditions is met:

1) It can eliminate or significantly reduce accounting mismatches.

2) According to formally documented risk management or investment strategies, the Company manages and evaluates the performance of a portfolio of financial liabilities or a combination of financial assets and liabilities based on fair value, and this information is reported to key management personnel within the Company on this basis.

The Company measures these financial liabilities at fair value on a subsequent basis. Changes in fair value resulting from fluctuations in the Company's own credit risk are recorded in other comprehensive income, while other changes in fair value are recognized in the current period's profit or loss. However, if recording changes in fair value due to fluctuations in the Company's own credit risk in other comprehensive income would create or exacerbate an accounting mismatch in profit or loss, the Company records all changes in fair value, including those resulting from credit risk, in the current period's profit or loss.

(2) Other financial liabilities

Except for the following, the Company classifies financial liabilities as financial liabilities measured at amortized cost, applying the effective interest method for subsequent measurement, with any gains or losses arising from derecognition or amortization recognized in the current period's profit or loss:

1) Financial liabilities measured at fair value through profit or loss.

2) Financial liabilities arising from financial asset transfers that do not meet the derecognition criteria or where there is continued involvement in the transferred financial assets.

3) Financial guarantee contracts that do not fall into the first two categories, as well as loan commitments to lend at a below-market interest rate that do not fall into the first category.

A financial guarantee contract is defined as a contract requiring the issuer to make specified payments to reimburse the contract holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a liability instrument. Financial guarantee contracts that are not designated as financial liabilities measured at fair value through profit or loss are subsequently measured at the higher of: (a) the loss allowance calculated based on the expected credit loss model, and (b) the amount initially recognized minus the cumulative amortization during the guarantee period.

3. Derecognition of financial assets and financial liabilities

(1) A financial asset is derecognized, meaning it is removed from the accounts and the balance sheet, if it meets one of the following conditions:

- 1) The contractual right to receive cash flows from the financial asset has expired.
- 2) The financial asset has been transferred, and the transfer meets the criteria for derecognizing financial assets.

(2) Conditions for derecognition of financial liabilities

A financial liability (or a portion thereof) is derecognized when the related present obligation has been discharged.

If the Company enters into an agreement with a lender to replace an existing financial liability with a new one, and the terms of the new financial liability are substantially different from those of the original, or if there is a substantial modification of the terms of the original financial liability (or a portion thereof), the original financial liability is derecognized, and a new financial liability is recognized. The difference between the carrying value of the original financial liability and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in the current period's profit or loss.

If the Company repurchases a portion of a financial liability, the carrying value of the entire financial liability is allocated based on the relative fair value of the continuing recognized portion and the derecognized portion at the repurchase date. The difference between the carrying value allocated to the derecognized portion and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in the current period's profit or loss.

4. Basis for recognizing and methods of measuring financial asset transfers

When the Company transfers financial assets, it assesses the extent to which it retains the risks and rewards of ownership of the financial asset. The treatment depends on the following situations:

(1) If the Company has transferred substantially all the risks and rewards of ownership of the financial asset, it derecognizes the financial asset and separately recognizes any rights and obligations arising from or retained in the transfer as assets or liabilities.

(2) If the Company retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognize the financial asset.

(3) In cases where neither the transfer nor the retention of substantially all risks and rewards occurs (i.e., scenarios other than (1) and (2)), the treatment depends on whether control over the financial asset is retained:

1) If control over the financial asset is not retained, the asset is derecognized, and any rights and obligations arising from the transfer are recognized separately as assets or liabilities.

2) If control over the financial asset is retained, the asset is continued to be recognized to the extent of the Company's continuing involvement with the transferred financial asset. The extent of continuing involvement refers to the degree to which the Company bears the risks or enjoys the rewards associated with the value changes of the transferred financial asset.

When determining whether a transfer of financial assets meets the conditions for derecognition described above, the principle of substance over form is applied. The Company distinguishes between a complete transfer of financial assets and a partial transfer.

(1) If a complete transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts is recognized in the current period's profit or loss:

1) The carrying value of the transferred financial assets on the derecognition date.

2) The consideration received as a result of the transfer, along with the portion of any cumulative fair value changes previously recognized in other comprehensive income that corresponds to the derecognized part (for financial assets measured at fair value through other comprehensive income that were part of the transfer).

(2) If a partial transfer of a financial asset meets the conditions for derecognition for the entire portion being transferred, the carrying value of the original financial asset prior to the transfer is allocated between the portion to be derecognized and the portion to be retained (including any retained service assets treated as part of the continuing financial asset) based on the relative fair values at the transfer date. The difference between the following two amounts is then recognized in the current period's profit or loss:

1) The carrying value of the portion to be derecognized at the date of derecognition.

2) The consideration received for the portion being transferred, along with the portion of any cumulative fair value changes previously recognized in other comprehensive income that corresponds to the portion being derecognized (for financial assets measured at fair value through other comprehensive income that were part of the transfer).

If the transfer of financial assets does not meet the conditions for derecognition, the financial asset continues to be recognized, and the consideration received from the transfer is recognized as a financial liability.

5. Methods for determining the fair value of financial assets and financial liabilities

For financial assets or financial liabilities that are traded in an active market, fair value is determined based on the quoted price in the active market, unless the financial asset is subject to a restriction period. For financial assets with a restriction on sale, the fair value is determined by deducting from the quoted price the amount of compensation that market participants would require for bearing the risk of not being able to sell the financial asset in a public market during a specified period. A quoted price in an active market includes prices that can be easily and regularly obtained from exchanges, dealers, brokers, industry groups, pricing services, or regulatory institutions and generally represents actual and frequent market transactions on a fair trading basis.

The fair value of financial assets or financial liabilities initially acquired or derived is based on the market transaction price.

If there is no active market for a financial asset or financial liability, valuation techniques are used to determine the fair value. When using valuation techniques, the Company uses methods that are appropriate for the current circumstances and are supported by sufficient available data and other information, selecting inputs consistent with the characteristics of the asset or liability that market participants would consider in a transaction involving that asset or liability. When possible, the Company prioritizes the use of relevant observable inputs. If observable inputs are not available or are not practicable to obtain, unobservable inputs are used.

6. Impairment of financial instruments

The Company applies an expected credit loss model to financial assets measured at amortized cost, financial assets classified as fair value through other comprehensive income, lease receivables, contract assets, loan commitments that are not measured at fair value through profit or loss, financial guarantee contracts not designated as fair value through profit or loss, and financial liabilities arising from transfers of financial assets that do not meet derecognition criteria or involve continued involvement with the transferred financial assets. An allowance for expected credit loss is recognized to account for impairment.

Expected credit loss represents the weighted average of credit losses on a financial instrument, weighted by the risk of default. Credit loss is the difference between all contractual cash flows due to the Company, discounted at the original effective interest rate, and the expected cash flows to be received, representing the present value of all cash shortfalls. For financial assets that are purchased or originated credit-impaired, the expected credit loss is discounted using the credit-adjusted effective interest rate.

The Company measures the loss allowance for all contract assets, notes receivable, and accounts receivable arising from transactions covered by income standards, as well as lease receivables, including finance lease receivables and operating lease receivables from transactions regulated by leasing standards, at the expected credit loss for the entire life of the asset.

For purchased or originated credit-impaired financial assets, only cumulative changes in expected credit loss over the entire life of the asset since initial recognition are recognized as a loss allowance on the balance sheet date. On each balance sheet date, the change in expected credit loss for the entire lifetime is recorded as impairment loss or gain in the current period's profit or loss. If the expected credit loss for the entire lifetime determined on the balance sheet date is less than the estimated expected credit loss from the cash flows at the initial recognition, favorable changes in expected credit loss are still recognized as impairment gains.

For other financial assets, excluding those that use the simplified measurement approach and those that are purchased or originated credit-impaired, the Company evaluates whether the credit risk of the relevant financial instruments has significantly increased since initial recognition on each balance sheet date. The loss allowance is measured, and expected credit losses and their changes are recognized according to the following stages:

(1) Stage 1: If the credit risk of the financial instrument has not significantly increased since initial recognition, the loss allowance is measured at an amount equivalent to the expected credit loss for the next 12 months. Interest income is calculated based on the carrying balance and the effective interest rate.

(2) Stage 2: If the credit risk of the financial instrument has significantly increased since initial recognition but has not yet been credit-impaired, the loss allowance is measured at an amount equivalent to the expected credit loss over the instrument's entire lifetime. Interest income is calculated based on the carrying balance and the effective interest rate.

(3) Stage 3: If the financial instrument has become credit-impaired after initial recognition, the loss allowance is measured at an amount equivalent to the expected credit loss over the instrument's entire lifetime. Interest income is calculated based on the amortized cost and the effective interest rate.

The increase or reversal of the loss allowance for credit losses on financial instruments is recognized as impairment loss or gain in the current period's profit or loss. For financial assets not classified as fair value through other comprehensive income, the loss allowance reduces the carrying amount of the financial asset. For financial assets classified as fair value through other comprehensive income, the loss allowance is recognized in other comprehensive income without reducing the carrying value of the financial asset presented on the balance sheet.

If a loss allowance has been previously measured based on the expected credit loss over the entire lifetime of a financial instrument in a prior accounting period, but the financial instrument no longer falls into the category of significant increase in credit risk since initial recognition at the current balance sheet date, the Company measures the loss allowance at the amount equivalent to the expected credit loss for the next 12 months. The reversal resulting from this change is recognized as impairment gain in the current period's profit or loss.

(1) Significant increase in credit risk

The Company assesses whether the credit risk of a financial instrument has significantly increased since initial recognition by using available reasonable and supportable forward-looking information. This assessment involves comparing the risk of default on the balance sheet date with the risk of default at initial recognition. For financial guarantee contracts, the initial recognition date used for applying impairment rules is the date when the Company becomes a party to the irrevocable commitment to provide the guarantee.

When assessing whether credit risk has significantly increased, the Company considers the following factors:

- 1) Whether the debtor's actual or expected operating results have significantly changed;
- 2) Whether the regulatory, economic, or technological environment in which the debtor operates has significantly deteriorated;
- 3) Whether there have been significant changes in the value of collateral or the quality of third-party guarantees or credit enhancements, which could reduce the debtor's economic motivation to repay within the contractual terms or increase the probability of default;
- (4) Whether the debtor's expected performance and repayment behavior have significantly changed;
- 5) Whether there have been changes in the Company's credit management practices for the financial instrument, etc.

As of the balance sheet date, if the Company determines that a financial instrument has only a low credit risk, it is assumed that the credit risk of the financial instrument has not significantly increased since initial recognition. A financial instrument is considered to have low credit risk if the risk of default is relatively low, the borrower has a strong capacity to meet its contractual cash flow obligations in the short term, and even in the case of adverse changes in economic conditions or the operating environment over a longer period, the borrower's ability to meet its contractual cash flow obligations is not necessarily compromised.

(2) Credit-impaired financial assets

A financial asset becomes credit-impaired when one or more events that adversely affect the expected future cash flows of the financial asset have occurred. Evidence of credit impairment for financial assets includes the following observable information:

- 1) Signs of significant financial difficulties experienced by the issuer or debtor;
- 2) The debtor breaches contract terms, such as defaults or delays in the payment of interest or principal;
- 3) The creditor grants concessions to the debtor related to the debtor's financial distress that would not have been given under other circumstances;
- 4) The debtor is likely to declare bankruptcy or engage in other financial restructuring;
- 5) The active market for the financial asset disappears due to financial distress of the issuer or debtor;
- 6) If a financial asset is purchased or originated at a significant discount, reflecting credit losses.

Credit impairment of financial assets may result from the combined effect of multiple events and not necessarily from a single identifiable event.

(3) Determining expected credit losses

The Company evaluates expected credit losses for financial instruments based on individual and collective assessments. When assessing ECL, the Company considers reasonable and supportable information related to past events, current conditions, and forecasts of future economic conditions.

The Company groups financial instruments into different portfolios based on common credit risk characteristics. Common credit risk characteristics used by the Company include the following: type of financial instrument, credit risk rating, aging of accounts, past due aging, contract settlement cycle, industry sector of the debtor, among others. Standards for individual evaluation and common credit risk characteristics for portfolio-based assessments for relevant financial instruments are detailed in the Company's financial instrument accounting policies.

The Company determines the expected credit loss for relevant financial instruments using the following methods:

- 1) Financial assets: The credit loss is the present value of the difference between the contractual cash flows due to the Company and the expected cash flows to be received.
- 2) Lease receivables: The credit loss is the present value of the difference between the contractual cash flows due to the Company and the expected cash flows to be received.
- 3) Financial guarantee contracts: The credit loss is the expected payment to the contract holder for the credit loss incurred, minus the present value of amounts expected to be recovered by the Company from the contract holder, the debtor, or any other party.

4) Credit-impaired financial assets: If a financial asset has become credit-impaired as of the balance sheet date but was not purchased or originated credit-impaired, the credit loss is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The method for measuring expected credit loss for financial instruments considers the following factors: the unbiased, probability-weighted average amount determined by evaluating a range of possible outcomes; the time value of money; reasonable and supportable information related to past events, current conditions, and forecasts of future economic conditions available as of the balance sheet date without incurring unnecessary additional costs or efforts.

(4) Write-offs of financial assets

The Company directly writes off the carrying balance of a financial asset when it no longer reasonably expects to recover all or part of the contractual cash flows from the financial asset. Such a write-off constitutes derecognition of the related financial asset.

7. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other. However, they are presented on a net basis in the balance sheet if both of the following conditions are met:

(1) The Company has a legally enforceable right to offset the recognized amounts, and this right is currently enforceable;

(2) The Company intends to settle on a net basis or to realize the financial asset and settle the financial liability simultaneously.

12. Notes receivable

The method for determining expected credit loss for notes receivable and the related accounting treatment are detailed in Section 10, Clause 5, Subclause 11, Point 6 - "Impairment of financial instruments".

If sufficient evidence for expected credit loss cannot be reasonably assessed at the individual instrument level, the Company uses historical credit loss experience, in combination with current conditions and expectations of future economic conditions, to categorize notes receivable into several portfolios based on common credit risk characteristics. The expected credit loss is then calculated on a portfolio basis. The criteria for determining portfolios are as follows:

Portfolio name	Basis for determining portfolio	Provision method
Banker's acceptance portfolio	<p>1. The issuers have high credit ratings, with no historical record of note defaults, indicating very low credit loss risk. They possess strong short-term capacity to meet their contractual cash flow obligations;</p> <p>2. Banks with credit ratings lower than the highest tier</p>	The Company references historical credit loss experience, considers current conditions, and forecasts future economic conditions to calculate the expected credit loss based on exposure to default risk and the expected credit loss rate over the entire lifetime
Commercial bills portfolio	Primarily issued by reputable large state-owned enterprises and listed companies, with no significant history of default based on past experience	The Company references historical credit loss experience, considers current conditions, and

	forecasts future economic conditions to calculate the expected credit loss based on exposure to default risk and the expected credit loss rate over the entire lifetime
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13. Accounts receivable

The method for determining expected credit loss for accounts receivable and the related accounting treatment are detailed in Section 10, Clause 5, Subclause 13, Point 6 - "Impairment of financial instruments".

The Company separately determines the credit loss for accounts receivable with a significant individual amount that has become credit-impaired after initial recognition.

If sufficient evidence for expected credit loss cannot be reasonably assessed at the individual instrument level, the Company uses historical credit loss experience, in combination with current conditions and expectations of future economic conditions, to categorize accounts receivable into several portfolios based on common credit risk characteristics. The expected credit loss is then calculated on a portfolio basis. The criteria for determining portfolios are as follows:

Portfolio name	Basis for determining portfolio	Provision method
Group-wide transactions portfolio	Receivables among related parties within the consolidated group are considered to have similarly low credit risk characteristics	The Company references historical credit loss experience, considers current conditions, and forecasts future economic conditions to create a table correlating accounts receivable aging with expected credit loss rates over the entire lifetime to calculate the expected credit loss
Aging portfolio	The Company classifies accounts receivable into credit risk portfolios based on aging, making the best estimate for provision rates based on past historical experience	The Company references historical credit loss experience, considers current conditions, and forecasts future economic conditions to create a table correlating accounts receivable aging with expected credit loss rates over the entire lifetime to calculate the expected credit loss

14. Receivables financing

Notes receivable and accounts receivable classified as measured at fair value through other comprehensive income with a maturity period of one year or less (including one year) from initial recognition are presented as "Receivables Financing". Those with a maturity period of more than one year from initial recognition are presented as "Other Liability Investments". For the relevant accounting policies, refer to Section 10, Clause 5, Subclause 11.

15. Other receivables

The method for determining expected credit loss for other receivables and the related accounting treatment are detailed in Section 10, Clause 5, Subclause 11, Point 6 - "Impairment of financial instruments".

The Company separately determines the credit loss for other receivables with a significant individual amount that has become credit-impaired after initial recognition.

If sufficient evidence for expected credit loss cannot be reasonably assessed at the individual instrument level, the Company uses historical credit loss experience, in combination with current conditions and expectations of future economic conditions, to categorize other receivables into several portfolios based on common credit risk characteristics. The expected credit loss is then calculated on a portfolio basis. The criteria for determining portfolios are as follows:

Portfolio name	Basis for determining portfolio	Provision method
Group-wide transactions and security deposits portfolio	Other receivables among related parties within the consolidated group exhibit similarly low credit risk characteristics. Security deposits and other receivables for deposits exhibit similarly low credit risk characteristics	The Company references historical credit loss experience, considers current conditions, and forecasts future economic conditions to calculate the expected credit loss based on exposure to default risk and the expected credit loss rate for the next 12 months or over the entire lifetime
Aging portfolio	Receivables with similar characteristics are classified based on similar credit risk features	The Company references historical credit loss experience, considers current conditions, and forecasts future economic conditions to calculate the expected credit loss based on exposure to default risk and the expected credit loss rate for the next 12 months or over the entire lifetime

16. Contract assets

When the Company has the right to receive consideration from customers for goods transferred, and this right depends on factors other than the passage of time, it is recognized as a contract asset. Unconditional rights to receive consideration (where the only condition is the passage of time) are separately presented as receivables.

The method for determining expected credit loss for contract assets and the related accounting treatment are detailed in Section 10, Clause 5, Subclause 11, Point 6 - "Impairment of financial instruments".

17. Inventories

1. Types of inventory, valuation method for issued inventory, inventory system, amortization method for low-value consumables and packaging materials

(1) Types of inventory

Inventories comprise the finished products or merchandise held by the Company for sale in the ordinary course of business, or work in progress or in the process of production for such sale, or in the form of materials and supplies to be consumed in the production process or in the rendering of services. The main categories include raw materials, inventory merchandise, dispatched goods, etc.

(2) Valuation method for issued inventory

Inventory is initially measured at cost, which includes purchase costs, processing costs, and other costs. The Company uses the first-in, first-out method to value issued inventory.

(3) Inventory system

The Company adopts the perpetual inventory system.

(4) Amortization method for low-value consumables and packaging materials

1) Low-value consumables are amortized using the one-time write-off method.

2) Packaging materials are amortized using the one-time write-off method.

3) Other revolving materials are amortized using the one-time write-off method.

2. Standards for recognizing and method for making inventory write-down provisions

At the end of each period, after a comprehensive inventory check, the Company makes or adjusts inventory write-down provisions based on the lower of cost and net realizable value (NRV). The NRV for finished goods, inventory merchandise, and materials held for sale directly in the normal course of business is determined as the estimated selling price minus estimated selling expenses and related taxes and fees. The NRV for materials inventory that requires further processing is determined as the estimated selling price of the finished products minus estimated costs to complete, estimated selling expenses, and related taxes and fees. For inventory held to fulfill sales or service contracts, the NRV is based on the contract price. If the inventory held exceeds the contract quantity, the excess inventory's NRV is calculated based on general selling prices.

Inventory write-down provisions are made based on individual inventory items at the end of the period. However, for large quantities of low-cost items, the Company makes write-down provisions based on inventory categories. For inventories related to a series of products produced and sold in the same region, with similar or identical end-use or purpose, and difficult to separate from other items for measurement, the Company makes write-down provisions collectively.

If the factors that caused the inventory to be written down no longer exist, the Company reverses the write-down to the extent of the original provision amount. The reversal amount is recognized in the current period's profit or loss.

18. Assets held for sale

1. Criteria for recognizing assets held for sale

The Company recognizes as held for sale components non-current assets or disposal groups that meet both of the following conditions:

(1) The assets or disposal groups can be sold immediately based on the usual practices for selling such assets in similar transactions;

(2) A sale is highly probable, indicating that the Company has approved a sale plan, has obtained regulatory approval (if applicable), and has a firm purchase commitment. The sale is expected to be completed within one year.

A firm purchase commitment is a legally binding purchase agreement between the Company and another party, containing key terms like transaction price, timing, and severe penalties for breach, minimizing the likelihood of significant changes or cancellation of the agreement.

2. Method for accounting for assets held for sale

The Company does not provide for depreciation or amortization on non-current assets or disposal groups classified as held for sale. If the carrying value of these assets is higher than the net amount of fair value minus costs to sell, the carrying value is written down to the net amount of fair value minus costs to sell. The write-down amount is recognized as an asset impairment loss and included in the current period's profit or loss, while simultaneously creating a provision for impairment of held-for-sale assets.

For non-current assets or disposal groups classified as held for sale at the acquisition date, the initial measurement is the lower of the hypothetical initial measurement as if they were not classified as held for sale, and the fair value minus costs to sell.

The above principles apply to all non-current assets except investment properties that are measured using the fair value model, biological assets measured at fair value minus costs to sell, assets arising from employee compensation, deferred tax assets, financial assets covered by financial instrument accounting standards, and rights arising from insurance contracts governed by relevant insurance accounting standards.

19. Liability investments

None.

20. Other liability investments

None.

21. Long-term receivables

None.

22. Long-term equity investments

1. Determination of initial investment cost

(1) For long-term equity investments arising from business combination, the specific accounting policies are detailed in Note (6) under the accounting treatment methods for business combination under common control and not under common control.

(2) Long-Term equity investments acquired by other means

The initial investment cost for long-term equity investments acquired through cash payment is the actual purchase price paid. This cost includes directly related fees, taxes, and other necessary expenses.

When long-term equity investments are acquired through the issuance of equity securities, the initial investment cost is the fair value of the issued equity securities. Transaction costs incurred during the issuance or acquisition of the Company's own equity instruments that can be directly attributed to the equity transaction are deducted from equity.

For non-monetary asset exchanges with commercial substance and reliable measurement of the fair value of the exchanged assets, the initial investment cost for the long-term equity investment received is based on the fair value of the asset given up, unless there is conclusive evidence that the fair value of the asset received is more reliable. If the non-monetary asset exchange does not meet the above conditions, the initial investment cost is the book value of the asset given up plus any related taxes due.

When long-term equity investments are obtained through liability restructuring, the initial investment cost is determined based on fair value.

2. Subsequent measurement and profit/loss recognition

(1) Cost method

For long-term equity investments where the Company can exert control over the investee, the cost method is used for accounting. Under this method, investments are measured at their initial investment cost, with any additional or withdrawn investment adjusting the cost of the long-term equity investment.

Except for cash dividends or profits that have been declared but not yet distributed included in the purchase price or consideration at the time of acquisition, the Company recognizes investment income for the current period based on the cash dividends or profits declared by the investee.

(2) Equity method

The Company uses the equity method to account for long-term equity investments in associates and joint ventures. For some investments in associates indirectly held through venture capital organizations, mutual funds, trust companies, or similar entities, including unit-linked funds, the fair value measurement method is applied, with changes recognized in profit or loss.

If the initial investment cost of the long-term equity investment is greater than the Company's share of the fair value of the investee's identifiable net assets at the time of investment, no adjustment is made to the initial investment cost of the long-term equity investment. If the initial investment cost is less than the Company's share of the fair value of the investee's identifiable net assets at the time of investment, the difference is recognized in the current period's profit or loss.

After acquiring a long-term equity investment, the Company recognizes investment income and other comprehensive income based on its share of the investee's realized net profit or loss and other comprehensive income, respectively, while adjusting the carrying value of the long-term equity investment. The carrying value is also reduced by the portion of profits or cash dividends declared by the investee that the Company is entitled to receive. For changes in the owner's equity of the investee, other than net profit or loss, other comprehensive income, and profit distribution, the Company adjusts the carrying value of the long-term equity investment and recognizes it in owner's equity.

When recognizing the Company's share of the net profit or loss of the investee, adjustments are made based on the fair value of the investee's identifiable assets at the time of investment to determine the share of net profit. Unrealized gains or losses from

internal transactions between the Company and associates or joint ventures are eliminated according to the Company's share. Based on this, the Company recognizes investment profit or loss.

When the Company is required to share in the losses incurred by the investee, the treatment is as follows: First, reduce the carrying value of long-term equity investment. Secondly, if the carrying value of the long-term equity investment is insufficient to cover the losses, the Company continues to recognize investment losses up to the carrying value of other long-term interests that substantially represent a net investment in the investee. This might include reducing the carrying value of long-term receivables and other similar items. Finally, if the above steps are insufficient and the Company is still obligated to assume additional liabilities according to the investment contract or agreement, the Company recognizes accrued liabilities for the expected obligations, which is treated as an investment loss in the current period.

When the investee generates profits in subsequent periods, the Company offsets the losses following the reverse order of the steps above. After deducting the share of previously unrecognized losses, the Company reduces the carrying value of any recognized accrued liabilities, restores the carrying value of other long-term interests that substantially represent a net investment in the investee, and restores the carrying value of the long-term equity investment. After these steps, any remaining profits are recognized as investment income.

3. Conversion of long-term equity investment accounting methods

- From fair value measurement to equity method

When the Company originally holds an equity investment in an investee without control, joint control, or significant influence and accounts for it under financial instruments recognition and measurement standards, but later gains significant influence or joint control through additional investment or other reasons without achieving control, the transition to equity method accounting is made. The initial investment cost for transitioning to the equity method is the sum of the fair value of the originally held equity investment (as determined under *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*) and the additional investment cost.

If the initial investment cost for the equity method is less than the share of the fair value of the identifiable net assets of the investee (based on the new ownership proportion after additional investment), the difference is added to the carrying value of the long-term equity investment and recognized as non-operating income in the current period.

- From fair value measurement or equity method to cost method

For equity investments originally accounted for under financial instruments recognition and measurement standards without control, joint control, or significant influence over the investee, or for long-term equity investments in associates or joint ventures, if additional investment or other reasons lead to gaining control over the investee not under the same control, the transition to cost method accounting is made. The initial investment cost for transitioning to the cost method is the sum of the carrying value of the originally held equity investment and the additional investment cost, used when preparing separate financial statements.

Any other comprehensive income recognized due to equity method accounting for equity investments held before the purchase date is accounted for using the same basis as directly disposing of related assets or liabilities of the investee when disposing of the investment.

For equity investments held before the purchase date and accounted for under *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*, the cumulative fair value changes previously recognized in other comprehensive income are transferred to the current period's profit or loss upon transition to the cost method accounting.

- Transition from equity method to fair value measurement

If the Company loses joint control or significant influence over an investee due to partial disposal of equity investments or other reasons, the remaining equity after disposal is accounted for under *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*. The difference between the fair value of the remaining equity at the date of losing joint control or significant influence and its carrying value is recognized in the current period's profit or loss.

Any other comprehensive income previously recognized due to equity method accounting for the original equity investment is treated the same way as if disposing of related assets or liabilities of the investee when ceasing to use the equity method. This means transferring such other comprehensive income to the current period's profit or loss.

- Transition from cost method to equity method

If the Company loses control over an investee due to partial disposal of equity investments or other reasons, and the remaining equity after disposal allows the Company to exert joint control or significant influence over the investee, the accounting method is changed to the equity method in the separate financial statements. The remaining equity is adjusted as if the equity method had been used since the initial acquisition.

- Transition from cost method to fair value measurement

If the Company loses control over an investee due to partial disposal of equity investments or other reasons, and the remaining equity after disposal no longer allows the Company to exert joint control or significant influence over the investee, the accounting method is changed to comply with *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments* in the separate financial statements. The difference between the fair value of the remaining equity on the date of losing control and its carrying value is recognized in the current period's profit or loss.

4. Disposal of long-term equity investments

When disposing of long-term equity investments, the difference between the carrying value and the actual consideration received should be recognized in the current period's profit or loss. For long-term equity investments accounted for using the equity method, the relevant portion of other comprehensive income is adjusted according to the same basis as if directly disposing of related assets or liabilities, in proportion to the investment disposed of.

If the terms, conditions, and economic effects of the disposal of equity investments in subsidiaries meet one or more of the following criteria, multiple transactions are treated as a single bundled transaction for accounting purposes:

- The transactions are agreed upon simultaneously or with consideration of their mutual impact;
- The transactions together achieve a complete commercial result;
- The occurrence of one transaction depends on the occurrence of at least one other transaction;
- A transaction is economically unfeasible on its own, but becomes viable when considered with other transactions.

If the Company loses control over a former subsidiary due to the disposal of part of an equity investment or other reasons, and it is not part of a bundled transaction, accounting treatment differs for separate financial statements and consolidated financial statements:

(1) In the separate financial statements, the difference between the carrying value of the disposed equity and the actual consideration received is recognized in the current period's profit or loss. If the remaining equity after disposal allows the Company to exert joint control or significant influence over the investee, the equity method is used for accounting, and the remaining equity is adjusted as if it had been accounted for using the equity method since its acquisition. If the remaining equity does not allow the Company to exert joint control or significant influence over the investee, the accounting treatment follows *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*. The difference between the fair value of the remaining equity on the day control is lost and its carrying value is recognized in the current period's profit or loss.

(2) In the consolidated financial statements, for all transactions prior to losing control of a subsidiary, the difference between the disposal proceeds and the share of the subsidiary's net assets that has been calculated continuously from the purchase date or the consolidation date is adjusted against capital reserve (share premium). If the capital reserve is insufficient to offset this difference, retained earnings are adjusted accordingly. When control over a subsidiary is lost, the remaining equity is remeasured at fair value as of the date control is lost. The difference between the sum of the disposal proceeds and the fair value of the remaining equity, minus the share of the subsidiary's net assets calculated based on the original ownership proportion, is recognized as investment income for the period in which control is lost, while goodwill is written off. Other comprehensive income related to the original equity investment in the subsidiary is reclassified to current-period investment income when control is lost.

If multiple transactions related to the disposal of a subsidiary's equity investment result in the loss of control, and they are part of a bundled transaction, all transactions are treated as a single transaction for accounting purposes, with different accounting treatment in separate and consolidated financial statements:

(1) In separate financial statements, the difference between the proceeds from each disposal and the carrying value of the long-term equity investment corresponding to the disposed equity before losing control is recognized as other comprehensive income. When control is lost, this accumulated other comprehensive income is reclassified into profit or loss for the period in which control is lost.

(2) In the consolidated financial statements, the difference between the disposal price and the share of the subsidiary's net assets corresponding to the disposal investment prior to the loss of control is recognized as other comprehensive income and transferred to profit or loss in the period when control is lost.

1) Criteria for judging joint control and significant influence

The Company is deemed to jointly control an arrangement with other participants if there is a collective control agreement, and decisions about activities that significantly affect the returns from the arrangement require unanimous consent from parties sharing control. In this case, the arrangement is considered a joint arrangement.

If the joint arrangement is established through a separate entity, and the relevant agreements indicate that the Company has rights to the net assets of the separate entity, the entity is classified as a joint venture, and the equity method is used for accounting.

If the agreements indicate that the Company does not have rights to the net assets of the separate entity, the entity is classified as a joint operation, and the Company recognizes and accounts for items related to its share of interests in the joint operation according to the Accounting Standards for Business Enterprises.

Significant influence refers to an investor's ability to participate in financial and operating policy decisions of an investee without having control or joint control with other parties over these policies. The Company judges that it has significant influence over an investee by considering one or more of the following factors and comprehensively evaluating all facts and circumstances: (1) having a representative on the investee's board of directors or similar authoritative bodies; (2) participating in the process of formulating the investee's financial and operating policies; (3) engaging in significant transactions with the investee; (4) assigning key management personnel to the investee; (5) providing the investee with critical technical resources or data.

23. Investment property

Measurement method for investment property

Measured by cost method

Depreciation or amortization method

Investment property refers to real estate held for rental income, capital appreciation, or both. This category includes leased land use rights, land use rights held for resale after appreciation, and leased buildings. Additionally, vacant buildings held by the Company for leasing operations, where the Board of Directors has made a written resolution indicating they are intended for leasing operations with no planned change in the near future, are also reported as investment property.

The Company's investment property is recorded at cost. The cost of purchased investment property includes the purchase price, related taxes, and other directly attributable expenses. For investment property constructed in-house, the cost includes necessary expenditures incurred up to the point where the asset is ready for its intended use.

The Company uses the cost model for subsequent measurement of investment property, applying depreciation or amortization to buildings and land use rights based on their estimated useful lives and net residual value rates.

Classification	Depreciation method	Depreciation period (years)	Residual value rate (%)
Investment real estate	Straight-line method	Based on the property ownership certificate	5

When the use of an investment property changes to self-use, the Company reclassifies the investment property to fixed assets or intangible assets from the date of change. When the use of a self-used property changes to generate rental income or capital appreciation, the Company reclassifies the fixed asset or intangible asset to investment property from the date of change. At the time of reclassification, the book value before the change is used as the initial carrying value after the change.

If investment property is disposed of, or permanently taken out of use with no expectation of deriving economic benefits from its disposal, the investment property is derecognized. The difference between the proceeds from the disposal, transfer, scrapping, or destruction and its carrying value, net of related taxes, is recognized in the current period's profit or loss.

24. Fixed assets

(1) Recognition criteria

Fixed assets refer to tangible assets held for the production of goods, provision of services, leasing, or operating management, with a useful life exceeding one accounting year. A fixed asset is recognized when it meets the following conditions:

- (1) It is probable that the economic benefits associated with the asset will flow to the enterprise;
- (2) The cost of the fixed asset can be reliably measured.

(2) Depreciation method

Classification	Depreciation method	Period of Depreciation	Residual value rate	Annual depreciation rate
Houses and buildings	Straight-line method	Based on the property certificate's usage period	5.00	
Fixed asset renovation	Straight-line method	10 years or up to the property certificate's usage period	5.00	
Testing equipment	Straight-line method	5-10 years	5.00	19.00-9.50
Transportation equipment	Straight-line method	5 years	5.00	19.00
Office equipment	Straight-line method	5 years	5.00	19.00

1. Initial measurement of fixed assets

The Company's fixed assets are initially measured at cost.

The cost of purchased fixed assets includes the purchase price, import duties, and other related taxes, as well as any other directly attributable expenses incurred to bring the fixed asset to a condition for its intended use.

The cost of self-constructed fixed assets comprises all necessary expenses incurred before the asset is ready for its intended use.

Fixed assets contributed by investors are recorded at the value agreed upon in the investment contract or agreement. If the value in the contract or agreement is not fair, the fixed asset is recorded at its fair value.

If the purchase price of a fixed asset involves a payment that exceeds normal credit terms, indicating financing in nature, the cost of the fixed asset is determined based on the present value of the purchase price. The difference between the actual amount paid and the present value of the purchase price, except for amounts that should be capitalized, is recognized in the current period's profit or loss over the credit period.

2. Subsequent measurement and disposal of fixed assets

(1) Depreciation of fixed assets

Depreciation is calculated based on the book value of a fixed asset, after deducting the estimated residual value, over its estimated useful life. For fixed assets that have impairment provisions, the depreciation is calculated based on the net book value after deduction of the impairment provision and using the remaining useful life. Fixed assets that have been fully depreciated but are still in use are not subject to additional depreciation.

The Company determines the useful life and estimated residual value of fixed assets based on their nature and usage. At the end of each year, the Company reviews the useful life, estimated residual value, and depreciation method for fixed assets. If there are differences from prior estimates, appropriate adjustments are made.

(2) Subsequent expenditures on fixed assets

Subsequent expenditures related to fixed assets are added to the cost of the fixed asset if they meet the recognition criteria for fixed assets; if not, they are recognized as expenses in the current period's profit or loss.

(3) Impairment of fixed assets

The methods for impairment testing and recognizing impairment losses for fixed assets are detailed in Section 10, Clause 5, Subclause 30 "Long-term asset impairment".

(4) Disposal of fixed assets

A fixed asset is derecognized when it is disposed of, or when it is no longer expected to generate economic benefits through use or disposal. Proceeds from the sale, transfer, scrapping, or destruction of a fixed asset, net of its carrying value and related taxes, are recognized in the current period's profit or loss.

25. Construction in progress

The Company's self-constructed construction in progress is measured at actual cost, which comprises all necessary expenditures incurred before the asset reaches a predetermined usable condition. These expenditures include the cost of construction materials, labor costs, relevant taxes paid, capitalized borrowing costs, allocated indirect costs, etc.

All expenses incurred to construct the asset before it reaches a predetermined usable condition are treated as the fixed asset's book value. If the constructed asset has reached the predetermined usable condition but has not yet been finalized, it is transferred to fixed assets based on the estimated value from budget estimates, costs, or other relevant metrics. Depreciation is calculated according to the Company's fixed asset depreciation policy. Once the final accounts are settled, the estimated value is adjusted to the actual cost without adjusting the already accrued depreciation.

The methods for impairment testing and recognizing impairment losses for construction in progress are detailed in Section 10, Clause 5, Subclause 30 "Long-term asset impairment".

26. Borrowing costs

1. Criteria for capitalization of borrowing costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized and included in the cost of the related asset. Other borrowing costs are recognized as expenses when incurred and are recorded in the current period's profit or loss.

A qualifying asset is an asset that requires a substantial period of time for acquisition, construction, or production to reach its intended use or sale condition. This includes fixed assets, investment properties, and inventories that meet these criteria.

Borrowing costs are capitalized when all of the following conditions are met:

(1) Asset expenditures have been incurred, including cash payments, non-cash asset transfers, or incurring interest-bearing liability related to the acquisition, construction, or production of a qualifying asset;

(2) Borrowing costs have occurred;

(3) Construction or production activities required to bring the asset to a condition where it is ready for its intended use or sale have commenced.

2. Period of capitalization for borrowing costs

The capitalization period refers to the time from when borrowing costs begin to be capitalized to when they stop being capitalized. Periods when borrowing costs are suspended from capitalization are not included.

Borrowing costs stop being capitalized when a qualifying asset reaches its intended use or sale condition.

If portions of a qualifying asset under construction are completed and can be used separately, the capitalization of borrowing costs for those portions is stopped.

However, if parts of a constructed or produced asset are completed, but the asset can only be used or sold after the entire asset is finished, borrowing costs stop being capitalized when the whole asset is completed.

3. Suspension of capitalization

Borrowing costs are suspended from capitalization if there is an abnormal interruption in the construction or production of a qualifying asset, and the interruption lasts for more than three consecutive months. If the interruption is a necessary procedure for the asset to reach its intended use or sale condition, then borrowing costs continue to be capitalized. During the suspension period, borrowing costs are recognized as expenses in the current period's profit or loss until the construction or production activities resume, after which borrowing costs resume capitalization.

4. Method for calculating the capitalized amount of borrowing costs

For specific borrowings, interest costs (less interest income from depositing unused borrowings into banks or returns from temporary investments) and related ancillary costs are capitalized until the qualifying asset being constructed or produced reaches its intended use or sale condition.

For general borrowings, the capitalized amount of interest is calculated by applying the capitalization rate to the weighted average of the cumulative asset expenditure exceeding the amount financed by specific borrowings. The capitalization rate is determined by calculating the weighted average interest rate of general borrowings.

If there is a discount or premium on the borrowings, the discount or premium amount to be amortized for each accounting period is determined using the effective interest method, adjusting the interest amount for each period accordingly.

27. Biological assets

None.

28. Oil and gas assets

None.

29. Intangible assets

(1) Useful life, determination basis, estimation, amortization method, or review process

Intangible assets are identifiable non-monetary assets without physical substance that the Company owns or controls. These assets include land use rights, software, trademark rights, patent technology, and rights to sublease talent apartments.

1. Initial measurement of intangible assets

The cost of purchased intangible assets includes the purchase price, related taxes, and other expenditures directly attributable to bringing the asset to its intended use. If the purchase price of an intangible asset involves a payment beyond normal credit terms, suggesting a financing nature, the cost of the intangible asset is determined based on the present value of the purchase price.

If intangible assets are acquired through liability restructuring, their book value is determined based on the fair value of the assets used for liability settlement. The difference between the book value of the restructured liability and the fair value of the intangible asset used to settle the liability is recognized in the current period's profit or loss.

When a non-monetary asset exchange has commercial substance and the fair value of the assets being exchanged can be reliably measured, the fair value of the asset given up is used as the basis for the book value of the intangible asset received, unless there is conclusive evidence that the fair value of the asset received is more reliable. If the exchange does not meet these conditions, the book value of the asset given up and any related taxes to be paid are used to determine the cost of the intangible asset received. Profit or loss is not recognized in this case.

For intangible assets acquired through an enterprise absorption merger under common control, the book value of the merged entity is used to determine the book value of the acquired intangible asset. For intangible assets acquired through an absorption merger under non-common control, fair value is used to determine the book value of the acquired intangible asset.

The cost of internally developed intangible assets includes the following: materials and labor costs incurred during the development of the intangible asset; registration fees and amortization of other patents and franchises used in the development process; capitalized interest costs meeting the capitalization conditions; other direct expenses incurred to make the intangible asset ready for its intended use.

2. Subsequent measurement of intangible assets

The Company analyzes and determines the useful life of intangible assets at the time of acquisition, classifying them as having a finite or indefinite useful life.

(1) Intangible assets with a finite useful life

Intangible assets with a finite useful life are amortized using the straight-line method over the period in which they are expected to provide economic benefits to the Company. The estimated useful life and the basis for the estimate for intangible assets with a finite useful life are as follows:

Item	Estimated service life	Basis
Land use rights	Based on the usage period in the land use certificate	Lower of contractual or legal terms
Software	5 years	The period during which the intangible asset is expected to provide economic benefits to the Company
Trademark rights	5 years	The period during which the intangible asset is expected to provide economic benefits to the Company
Patent technology	5 years	The period during which the intangible asset is expected to provide economic benefits to the Company
Talent housing sublease rights		The period during which the intangible asset is expected to provide economic benefits to the Company

Note: According to Clause 10 of the *Shenzhen Bao'an District Enterprise Talent Public Rental Housing Purchase Contract*, the purchaser must apply for a repurchase by the seller under the following circumstances: (1) The Company's registered location is moved out of Bao'an District; (2) The Company declares bankruptcy; (3) The purchased housing needs to be transferred; (4) The purchased housing is disposed of due to prior bank mortgage rights; (5) The housing is subject to court enforcement due to economic disputes; (6) The housing must be repurchased due to violations of applicable laws, regulations, rules, or normative documents.

(2) Intangible assets with an indefinite useful life

If the period during which an intangible asset is expected to bring economic benefits to the enterprise cannot be reasonably foreseen, it is considered to have an indefinite useful life.

The methods for impairment testing and recognizing impairment losses for intangible assets are detailed in Section 10, Clause 5, Subclause 32 "Long-term asset impairment".

(2) Scope of R&D expenditure collection and related accounting treatment

1. Specific standards for distinguishing between the research phase and development phase in internal research and development projects

Research phase: This phase involves original and planned investigation or exploration activities aimed at obtaining and understanding new scientific or technical knowledge.

Development phase: This phase involves applying research findings or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, etc., before commercial production or use.

Expenditures for the research phase in internal research and development projects are expensed to the current period's profit or loss as they are incurred.

2. Specific criteria for capitalization of expenditures in the development phase

Expenditures in the development phase of internal research and development projects are recognized as intangible assets if all of the following conditions are met:

(1) It must be technically feasible to complete the intangible asset so that it can be used or sold;

(2) There must be an intention to complete the intangible asset and use or sell it;

(3) There must be a clear method by which the intangible asset will generate economic benefits. This can be demonstrated by showing that there is a market for the products produced with the intangible asset or for the intangible asset itself, or that the asset will be useful if it is internally used;

(4) There must be adequate technical, financial, and other resources to complete the development of the intangible asset, and there must be the ability to use or sell it;

(5) The expenditures attributable to the development phase of the intangible asset must be reliably measurable.

30. Long-term asset impairment

The Company checks for indications of impairment in long-term assets at each balance sheet date. If there are signs of impairment in long-term assets, the recoverable amount is estimated on a single-asset basis; if it is difficult to estimate the recoverable amount for individual assets, the recoverable amount is determined based on the asset group to which the asset belongs.

The recoverable amount is estimated by selecting the higher of the following two values: the net fair value (fair value minus costs to sell) and the present value of the asset's expected future cash flows.

If the measurement of the recoverable amount indicates that the recoverable amount of long-term assets is lower than their carrying value, the carrying value is written down to the recoverable amount. The amount written down is recognized as an asset

impairment loss, recorded in the current period's profit or loss, and a corresponding asset impairment provision is made. Once an asset impairment loss is recognized, it cannot be reversed in subsequent accounting periods.

After an asset impairment loss is recognized, the depreciation or amortization expense for the impaired asset is adjusted in future periods to systematically allocate the adjusted carrying value (minus estimated net residual value) over the remaining useful life.

Goodwill arising from business combination and intangible assets with indefinite useful lives are tested for impairment every year, regardless of whether there are indications of impairment.

When conducting impairment testing for goodwill, the carrying value of goodwill is allocated to the asset group or groups of assets that are expected to benefit from the synergies of the business combination. During impairment testing involving asset groups or combinations that include goodwill, if there are indications of impairment related to the asset groups or combinations containing goodwill, impairment testing is first conducted on the asset groups or combinations that do not include goodwill. The recoverable amount is calculated and compared with the relevant carrying values to determine any impairment losses. Subsequently, impairment testing is performed on the asset groups or combinations containing goodwill, comparing their carrying values (including the allocated portion of goodwill) with their recoverable amounts. If the recoverable amount of the asset group or combination is lower than its carrying value, impairment losses for goodwill are recognized.

31. Long-term prepaid expenses

Long-term deferred expenses are expenses that the Company has already incurred but are to be amortized over a period of more than one year. These expenses are amortized in a straight-line manner over the benefit period.

32. Contract liabilities

The Company recognizes contract liabilities for obligations to transfer goods to customers for which consideration has been received or is due from customers.

33. Salaries

Employee compensation refers to all forms of remuneration or compensation provided by the Company in exchange for services rendered by employees or to terminate an employment relationship. Employee compensation includes short-term compensation, post-employment benefits, termination benefits, and other long-term employee benefits.

(1) Accounting treatment for short-term compensation

Short-term compensations are employee compensation that are expected to be paid in full within twelve months after the end of the annual reporting period during which the employees provided the related services, excluding post-employment benefits and termination benefits. The Company recognizes a liability for short-term benefits to be paid as a result of services rendered by employees during the accounting period. These amounts are recorded as liabilities and are allocated to the appropriate asset costs and expenses depending on the recipients of the services provided by the employees.

(2) Accounting treatment for post-employment benefits

Post-employment benefits refer to various forms of compensation and benefits provided by the Company to employees upon retirement or termination of employment, excluding short-term benefits and termination benefits.

The Company's post-employment benefit plans are classified into defined contribution plans and defined benefit plans.

For defined contribution plans, which mainly include participation in social basic old-age insurance and unemployment insurance organized and implemented by local labor and social security agencies, the Company recognizes a liability based on the amount payable calculated according to the contribution plan. This liability is recorded and allocated to the current period's expenses or related asset costs during the period when employees provide services to the Company.

Once the Company has made regular payments according to the standards and pension plans prescribed by the state, there are no further payment obligations.

(3) Accounting treatment for termination benefits

Termination benefits refer to compensation provided by the Company when terminating an employee's contract before its expiration, or as an incentive to encourage employees to voluntarily accept redundancy. The Company recognizes a liability for termination benefits at the earlier of when it can no longer unilaterally retract the plan to terminate employment or propose a redundancy, and when it confirms costs or expenses related to restructuring involving termination benefits. This liability is recognized in the current period's profit or loss.

The Company provides internal retirement benefits to employees who opt for early retirement arrangements. Internal retirement benefits are payments, including wages and social insurance premiums, to employees who, with management approval, leave work voluntarily but have not yet reached the official retirement age set by the state. From the commencement of the internal retirement arrangement until the employee reaches the normal retirement age, the Company pays internal retirement benefits. For internal retirement benefits, the Company applies the same accounting treatment as for termination benefits. Upon meeting the relevant criteria for recognizing termination benefits, the Company recognizes the liability for internal retirement benefits, including salaries and social insurance premiums payable from the time the employee stops providing services until the normal retirement age, and this amount is recorded in the current period's profit or loss as a one-time expense. Any variations due to changes in actuarial assumptions or adjustments in benefit standards are recognized in the current period's profit or loss when they occur.

(4) Accounting treatment of other long-term employee benefits

Other long-term employee benefits refer to all employee benefits other than short-term benefits, post-employment benefits, and termination benefits.

For other long-term employee benefits that meet the criteria for defined contribution plans, the Company recognizes the amount payable as a liability during the accounting period when employees provide services and records it in the current period's profit or loss or as part of the relevant asset cost. For other long-term employee benefits not covered by the above condition, independent actuaries use the projected unit credit method at the balance sheet date to calculate the benefit obligation for defined

benefit plans. The resulting benefit obligation is allocated to the period when the employee provided services, and the amount is recognized in the current period's profit or loss or as part of the relevant asset cost.

34. Accrued liabilities

1. Recognition criteria for accrued liabilities

Accrued liabilities are recognized when a present obligation related to a contingent event is assumed by the Company, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably measured.

2. Measurement method for accrued liabilities

The Company initially measures accrued liabilities at the best estimate of the expenditure required to settle the related present obligation.

When determining the best estimate, the Company comprehensively considers risks, uncertainties, and the time value of money associated with contingent events. For obligations where the time value of money is significant, the best estimate is determined by discounting future cash outflows.

The best estimate is determined as follows:

If there is a range of possible outcomes for the expenditure, and each outcome within that range is equally likely, the best estimate is calculated as the midpoint of the range, which is the average of the upper and lower limits.

If there is no continuous range for the expenditure or if there's a range but the likelihood of various outcomes within the range is not equally probable: if the contingent event involves a single item, the best estimate is the most likely outcome; if the contingent event involves multiple items, the best estimate is calculated based on the various possible outcomes and their associated probabilities.

If the Company expects to receive compensation from a third party for some or all of the expenditure required to settle the accrued liabilities, the compensation is recognized as an asset only when it is virtually certain that it will be received. The recognized compensation amount should not exceed the carrying value of the accrued liabilities.

35. Share payment

1. Types of share-based payments

The Company has two types of share-based payments: equity-settled share-based payments and cash-settled share-based payments.

2. Methods for determining the fair value of equity instruments

For granted options or other equity instruments with an active market, the fair value is determined based on market quotes. For granted options or other equity instruments without an active market, the fair value is determined using an option pricing model. Factors considered in selecting the option pricing model include: (1) exercise price of the option; (2) term of the option; (3) current price of the underlying shares; (4) expected volatility of the share price; (5) expected dividends on the shares; (6) risk-free interest rate over the option's term.

When determining the fair value of equity instruments on the grant date, the effects of market conditions and non-vesting conditions specified in the share-based payment agreement are taken into account. If a share-based payment includes non-vesting conditions, costs or expenses associated with received services are recognized as long as employees or other parties meet all non-market conditions for vesting (such as service period).

3. Basis for determining the best estimate of vested equity instruments

During the vesting period, the best estimate for the number of equity instruments expected to vest is adjusted at each balance sheet date based on updated information, such as changes in the number of employees expected to meet vesting conditions. The estimated number of equity instruments to vest is revised accordingly. On the vesting date, the final estimated number of equity instruments expected to vest is made to be consistent with the actual number of vested instruments.

4. Accounting treatment methods

(1) Accounting treatment for equity-settled and cash-settled share-based payments

Equity-settled share-based payments are measured at the fair value of the equity instruments granted to employees. If the grant is immediately vested, the fair value of the equity instruments is recognized as costs or expenses on the grant date, with a corresponding increase in capital reserve. If vesting is subject to completing a service period or meeting specified performance conditions, the recognized cost or expense is spread over the vesting period. Each balance sheet date during the vesting period, the recognized amount is adjusted based on the best estimate of equity instruments expected to vest. After the vesting date, no further adjustments are made to the recognized costs, expenses, or total equity.

Cash-settled share-based payments are measured at the fair value of the liability calculated based on the shares or other equity instruments the Company is obligated to pay. If the grant is immediately vested, the fair value of the liability on the grant date is recognized as costs or expenses, with a corresponding increase in liabilities. If vesting is subject to completing a service period or meeting specified performance conditions, each balance sheet date during the vesting period, the recognized costs or expenses are adjusted based on the best estimate of the fair value of the liability. Before the liability is settled, the fair value of the liability is remeasured at each balance sheet date and on the settlement date, with changes in value recognized in the current period's profit or loss.

(2) Accounting treatment for modifications of share-based payment terms and conditions

For adverse modifications, the Company treats the change as if it never occurred and continues to account for the services received based on the original terms.

For favorable modifications, the treatment is as follows: If the modification increases the fair value of the granted equity instruments, the Company recognizes the increase in fair value as an additional service received. If the modification occurs during

the vesting period, when recognizing the fair value of services received from the modification date to the modified vesting date, the recognized service value should include both the amount calculated for the remaining original vesting period based on the original grant date's fair value and the increase in the fair value of the equity instruments due to the modification. If the modification occurs after the vesting date, the increase in fair value is immediately recognized. If the modification requires employees to complete a longer service period to earn the modified equity instruments, the Company recognizes the increase in fair value over the extended vesting period.

If the modification increases the number of granted equity instruments, the Company recognizes the fair value of the additional equity instruments as an increase in services received. If the modification occurs during the vesting period, when recognizing the fair value of services received between the modification date and the vesting date of the additional equity instruments, both the original service value calculated based on the original equity instrument's grant date fair value for the remaining original vesting period and the increase in the fair value of the equity instruments due to the modification should be included.

If the modification changes the vesting conditions in a way favorable to the employee, such as shortening the vesting period, changing, or removing performance conditions (non-market conditions), the Company applies the modified vesting conditions when accounting for the share-based payment.

(3) Accounting treatment for share-based payment cancellations

If granted equity instruments are canceled during the vesting period, the Company treats the cancellation as accelerated vesting, recognizing the entire amount to be recognized over the remaining vesting period immediately in the current period's profit or loss while also recognizing capital reserve. If employees or other parties have a choice to meet non-vesting conditions but fail to meet them during the vesting period, the Company treats this as a cancellation of the granted equity instruments.

36. Other financial instruments, including preferred shares and perpetual bonds

The Company classifies other financial instruments, such as preferred shares and perpetual bonds, based on their contractual terms and the economic substance they represent, rather than solely by their legal form. In accordance with financial instrument standards and definitions of financial liabilities and equity instruments, the Company categorizes these instruments or their components as either financial liabilities or equity instruments upon initial recognition:

1. A financial instrument issued by the Company is classified as a financial liability if it meets one of the following conditions:

- (1) It has a contractual obligation to deliver cash or other financial assets to another party;
- (2) It has a contractual obligation to exchange financial assets or financial liabilities with another party under potentially unfavorable conditions;
- (3) It is a non-derivative contract that will or may require settlement in the Company's own equity instruments, and the contract will require delivering a variable number of the Company's equity instruments;

(4) It is a derivative contract that will or may require settlement with the Company's own equity instruments, except for contracts that exchange a fixed number of the Company's equity instruments for a fixed amount of cash or other financial assets.

2. If the following conditions are met at the same time, the issued financial instruments should be classified as equity instruments:

(1) The financial instrument does not contain a contractual obligation to deliver cash or other financial assets to another party, nor does it contain a contractual obligation to exchange financial assets or financial liabilities with another party under potentially unfavorable conditions;

(2) For non-derivative instruments, the instrument must not contain a contractual obligation to settle with a variable number of the Company's equity instruments; for derivative instruments, the instrument must be settled only by exchanging a fixed number of the Company's equity instruments for a fixed amount of cash or other financial assets.

3. Accounting treatment methods

For financial instruments classified as equity instruments: interest expenses or dividend distributions are considered profit distribution for the issuing enterprise. Transactions like repurchase or cancellation are treated as changes in equity. Fees, commissions, and other transaction costs are deducted from equity;

For financial instruments classified as financial liabilities: interest expenses or dividend distributions are generally treated as borrowing costs. Gains or losses from repurchase or redemption are recorded in the current period's profit or loss. Fees, commissions, and other transaction costs are included in the initial measurement of the financial instrument.

37. Income

Accounting policy for income recognition and measurement by business type

The Company's primary source of income is from testing services.

1. General principles for income recognition

The Company recognizes income when it has fulfilled its contractual performance obligations, which occurs when the customer gains control of the related goods or services. Income is recognized based on the transaction price allocated to that specific performance obligation.

A performance obligation refers to the promise in a contract where the Company commits to transfer a distinct good or service to the customer.

Gaining control of a good means having the ability to direct its use and receive substantially all the economic benefits from it.

The Company evaluates a contract at its inception to identify the distinct performance obligations within the contract and to determine whether each performance obligation is satisfied over time or at a point in time. A performance obligation is considered to be satisfied over a period of time if it meets one of the following conditions: (1) The customer receives and consumes the

economic benefits provided by the Company's performance as the Company fulfills its obligations; (2) The customer has control over the goods being constructed as the Company fulfills its obligations; (3) The goods produced during the Company's performance have no alternative use, and the Company has an enforceable right to payment for the performance completed to date during the entire contract period. Otherwise, the Company recognizes income at the point in time when the customer gains control over the related goods or services.

For performance obligations fulfilled over a period of time, the Company determines the appropriate level of progress using the output method/input method based on the nature of the goods and services. The output method measures progress based on the value of goods transferred to the customer relative to the total goods to be transferred (the input method measures progress based on the Company's efforts expended to fulfill the performance obligation). When the progress cannot be reasonably determined, and it is probable that the costs incurred will be reimbursed, income is recognized based on the costs incurred until progress can be reasonably determined.

2. Specific methods of income recognition

The Company mainly provides sample testing and program-based testing services in fields such as life sciences, industrial products, consumer goods, trade assurance, pharmaceuticals, and medical services. 1. Income from sample testing is recognized when the following conditions are met: the testing service has been completed, and the test report has been delivered to the customer, confirming the realization of income. 2. For program-based testing income recognition, the following conditions must be met: for income from providing technical services to customers, recognition occurs once the related performance obligations have been fulfilled; for engineering-related testing income, recognition occurs when the customer gains control of the testing service.

3. Income recognition principles for specific transactions

(1) Contracts with sales return provisions

When a contract includes a sales return provision, income is recognized at the point when the customer gains control of the related goods. The recognized income is based on the consideration the Company expects to be entitled to for the transferred goods (i.e., not including the expected refund due to sales returns). A liability is recognized for the expected amount to be refunded due to sales returns.

The carrying value of goods expected to be returned when sales are made, minus the anticipated costs to recover those goods (including impairment due to the returned goods' reduced value), is recorded under "Estimated Returned Goods Costs".

(2) Contracts with quality assurance provisions

Assess whether the quality assurance is merely a guarantee that the sold goods meet specified standards or whether it provides an additional separate service to the customer. If the Company offers additional services, it is treated as a separate performance obligation and accounted for under the income recognition standard. Otherwise, the quality assurance liability is accounted for under the accounting standards for contingencies.

(3) Sales contracts with customer options for additional purchases

The Company assesses whether the customer's option provides a significant right to the customer. If it does, the option is treated as a separate performance obligation, and the transaction price is allocated to that obligation. Income is recognized when the customer exercises the option and gains control of the goods, or when the option expires. If the stand-alone selling price for the customer's additional purchase option cannot be directly observed, the Company makes a reasonable estimate by considering all relevant information, including the difference in discounts between customers who exercise the option and those who do not, as well as the likelihood of the customer exercising the option.

(4) Contracts granting intellectual property licenses to customers

The Company assesses whether the intellectual property license constitutes a separate performance obligation. If it does, the Company determines whether it is fulfilled over a period of time or at a point in time. If the contract grants a license for intellectual property to customers and includes provisions for royalty payments based on the customer's actual sales or usage, income is recognized at the later of the following: when the customer's subsequent sales or usage activity occurs; when the Company has fulfilled the related performance obligation.

(5) Sale and repurchase

1) Contracts with obligations to repurchase due to forward arrangements with customers: In contracts where the Company has a forward obligation to repurchase goods, the customer does not gain control of the goods at the point of sale. Therefore, these transactions are accounted for as either lease transactions or financing transactions. If the repurchase price is lower than the original selling price, the contract is treated as a lease transaction and accounted for according to the relevant rules in the Accounting Standards for Business Enterprises. If the repurchase price is not lower than the original selling price, it is treated as a financing transaction. In this case, a financial liability is recognized when the customer payment is received, and the difference between the customer payment and the repurchase price is recognized as interest expense over the repurchase period. If the Company does not exercise its repurchase right by the expiration date, the financial liability is derecognized at that time, and income is recognized.

2) Contracts with repurchase obligations at the customer's request: If the customer has significant economic incentives, the transaction is treated as a lease or financing transaction and accounted for according to the guidelines in subsection 1. If not, it is treated as a sales transaction with a sales return provision.

(6) Contracts for initial fees without right of return from customers

Initial fees collected from customers at or near the contract inception date, which are non-refundable, should be included in the transaction price. After evaluation, if the initial fee is related to goods committed to be transferred to the customer and those goods represent a distinct performance obligation, income is recognized at the point of transferring those goods based on the portion of the transaction price allocated to them. If the initial fee is related to goods committed to be transferred but those goods do not represent a distinct performance obligation, income is recognized when the performance obligation containing those goods is satisfied, based on the portion of the transaction price allocated to that performance obligation. If the initial fee is not related to goods committed to be transferred to the customer, it is recognized as deferred income until the goods are transferred in the future.

Different income recognition methods and measurement approaches may apply for similar businesses with different operating models.

38. Contract costs

1. Contract fulfillment costs

The Company recognizes as a contract fulfillment cost an asset that meets the following conditions and is not within the scope of other Accounting Standards for Business Enterprises outside the income standard:

(1) The cost must be directly related to a current or expected contract, including direct labor, direct materials, manufacturing overhead (or similar costs), costs explicitly reimbursed by the customer, and other costs incurred solely due to the contract;

(2) The cost must contribute to resources the Company will use to fulfill performance obligations in the future;

(3) The cost is expected to be recoverable.

This asset is classified as inventory or other non-current assets based on whether the amortization period at initial recognition exceeds a typical operating cycle.

2. Contract acquisition costs

The Company recognizes as a contract acquisition cost an asset that represents incremental costs incurred to obtain a contract and is expected to be recoverable. Incremental costs are those that would not have been incurred if the contract had not been obtained, such as sales commissions. If the amortization period for these costs does not exceed one year, the costs are expensed to the profit or loss when incurred.

3 Amortization of contract costs

Assets associated with contract costs are amortized on the same basis as the recognition of income for the related goods or services. This is done at the point when the performance obligation is fulfilled or based on the progress of performance. The amortized amount is recorded in the current period's profit or loss.

4. Impairment of contract costs

If the carrying value of assets associated with contract costs exceeds the difference between the expected remaining consideration for the transfer of related goods and the estimated costs to complete the transfer, an impairment loss is recognized. The impairment loss is recorded as an asset impairment loss in the current period.

If, after recognizing an impairment loss, the factors causing the impairment change such that the above difference exceeds the carrying value of the asset, the previously recognized impairment loss may be reversed and recorded in the current period's profit or loss. However, the reversal should not increase the asset's carrying value to exceed its carrying value if no impairment had been recognized.

39. Government subsidies

1. Types

Government subsidies refer to the monetary and non-monetary assets that the Company receives from the government without compensation. According to the provisions of the relevant government documents regarding the target of the subsidies, government subsidies are classified as government subsidies related to assets and government subsidies related to income.

Government subsidies related to assets are those grants received by the Company to purchase, construct, or otherwise form long-term assets. Government subsidies related to income are all government subsidies other than those related to assets.

2. Recognition of government subsidies

If there is evidence at the end of the period indicating that the Company can meet the conditions stipulated by the fiscal support policy and it is expected that fiscal support funds will be received, the government grant is recognized based on the expected receivable amount. Otherwise, all government subsidies are recognized upon actual receipt.

For monetary government subsidies, they are measured at the amount received or receivable. For non-monetary government subsidies, they are measured at fair value; if the fair value cannot be reliably obtained, they are measured at a nominal amount (CNY 1). Government subsidies measured at nominal value are directly recorded in profit or loss for the period.

3. Accounting treatment methods

The Company determines whether a particular type of government grant should be accounted for using the gross method or the net method, based on the economic substance of the transaction. Generally, the Company uses a single method for similar or analogous types of government subsidies and consistently applies that method to those transactions.

For government subsidies related to assets, the grant can either reduce the carrying value of the related assets or be recognized as deferred income. When government subsidies related to assets are recognized as deferred income, they are systematically recognized in profit or loss over the useful life of the constructed or purchased asset.

For government subsidies related to income, if they are intended to compensate for expenses or losses in future periods, they are recognized as deferred income and recorded in profit or loss during the period in which the related expenses or losses are recognized, or used to offset related costs. If the grants are intended to compensate for expenses or losses already incurred, they are recorded directly in profit or loss or used to offset related costs when received.

Government subsidies related to the Company's routine activities are recorded in other income or used to offset related costs and expenses; government subsidies unrelated to routine activities are recorded in non-operating income and expenses.

Government subsidies received in connection with interest subsidies on policy loans are used to offset related borrowing costs. If a policy loan with a preferential interest rate is obtained from a bank, the book value of the loan is recognized at the actual loan amount received, with borrowing costs calculated based on the principal and the policy preferential interest rate.

When a previously recognized government grant must be returned, if it initially reduced the carrying value of a related asset, the asset's carrying value is adjusted. If there is a balance in the related deferred income account, it is reduced, and any excess is recorded in profit or loss for the period. If there is no related deferred income balance, it is directly recorded in profit or loss for the period.

40. Deferred tax assets/deferred tax liabilities

Deferred tax assets and deferred tax liabilities are recognized based on temporary differences between the tax bases of assets and liabilities and their carrying values. As of the balance sheet date, deferred tax assets and deferred tax liabilities are measured using the applicable tax rates expected to be in effect during the period in which the asset is realized or the liability is settled.

1. Basis for recognizing deferred tax assets

The Company recognizes deferred tax assets arising from deductible temporary differences, allowable tax loss carryforwards, and tax credits only to the extent that it is probable that taxable income will be available against which the deductible temporary differences or tax losses can be used in future periods. However, deferred tax assets arising from the initial recognition of an asset or liability from transactions with the following characteristics are not recognized: (1) the transaction is not a business combination; (2) at the time of the transaction, it neither affects accounting profit nor taxable income or deductible loss.

For deductible temporary differences related to investments in associates, the corresponding deferred tax assets are recognized if both of the following conditions are met: it is probable that the temporary difference will reverse in the foreseeable future, and it is probable that taxable income will be available in the future to offset the deductible temporary difference.

2. Basis for recognizing deferred tax liabilities

The Company recognizes deferred tax liabilities for taxable temporary differences arising in the current and prior periods that have not yet been settled. However, the following are excluded:

(1) Temporary differences arising from the initial recognition of goodwill;

(2) Temporary differences arising from transactions or events that are not business combination and, at the time of the transaction, neither affect accounting profit nor taxable income or deductible loss;

(3) For taxable temporary differences related to investments in subsidiaries and associates, if the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

3. Deferred tax assets and deferred tax liabilities are presented net when the following conditions are met

(1) The Company has a legally enforceable right to set off current income tax assets against current income tax liabilities;

(2) Deferred tax assets and deferred tax liabilities are related to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but in each future period in which significant deferred tax assets and deferred tax liabilities are expected to reverse, the taxable entities intend to settle on a net basis or simultaneously realize the assets and settle the liabilities.

41. Leases

(1) Accounting treatment for leases as lessee

(2) Accounting treatment for leases as lessor

On the commencement date of the contract, the Company evaluates whether a contract is or contains a lease. A contract is considered a lease, or contains a lease, if one party transfers the right to control the use of one or more identified assets for a specified period in exchange for consideration.

1. Separation of lease contracts

If a contract contains multiple separate leases, the Company separates the contract and accounts for each distinct lease individually.

2. Combination of lease contracts

The Company combines two or more contracts containing leases, signed with the same counterparty or its related parties at the same or near the same time, into a single contract for accounting purposes if any of the following conditions are met:

(1) The two or more contracts are negotiated as part of a single commercial arrangement and the overall business objective cannot be understood without considering them as a whole.

(2) The consideration of one contract depends on the pricing or performance of another contract.

(3) The rights to use the assets conveyed by these two or more contracts together represent a single lease.

3. Accounting treatment for the Company as a lessee

On the commencement date of the lease term, the Company recognizes a right-of-use asset and a lease liability, except for short-term leases and low-value asset leases for which simplified accounting treatment is applied.

(1) Short-term leases and low-value asset leases

A short-term lease is a lease with a lease term of no more than 12 months and without a purchase option. A low-value asset lease refers to a lease where the individual leased asset is of low value when it is new, typically a lease of assets with a value of no more than CNY 40,000.

The Company does not recognize right-of-use assets and lease liabilities for such short-term leases and low-value asset leases. The related lease payments are expensed over the lease term on a straight-line basis or other systematic and reasonable methods and are recognized in the cost of the related assets or in profit or loss for the period.

Item	Lease asset categories for simplified treatment
Short-term leases	Buildings and structures, machinery and equipment, and electronic devices

Low-value leases	asset	Machinery and equipment, and electronic devices
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The Company recognizes right-of-use assets and lease liabilities for short-term leases and low-value asset leases other than those mentioned above.

(2) Accounting policy for right-of-use assets and lease liabilities

- Right-of-use assets

The Company initially measures right-of-use assets at cost, which includes:

1. The initial measurement of the lease liability;
2. Lease payments made on or before the lease commencement date, less any lease incentives received;
3. Initial direct costs incurred by the Company;

4. Costs expected to be incurred by the Company for dismantling and removing the leased asset, restoring the site where the leased asset is located, or restoring the leased asset to the condition required by the lease terms (excluding costs incurred for the production of inventory).

After the lease commencement date, the Company follows the cost model for subsequent measurement of right-of-use assets.

If it is reasonably certain that ownership of the leased asset will transfer to the Company at the end of the lease term, the company depreciates the asset over its remaining useful life. If it is not reasonably certain that ownership will transfer at the end of the lease term, the company depreciates the asset over the shorter of the lease term or the asset's remaining useful life. For right-of-use assets for which an impairment loss has been recognized, depreciation is based on the carrying amount after deducting the impairment loss, in accordance with the principles mentioned above.

The Company determines whether the right-of-use asset has suffered impairment in accordance with *Accounting Standards for Business Enterprises No. 8 - Asset Impairment* and accounts for identified impairment losses accordingly. For more details, refer to Section 10, Clause 5, Subclause 30 "Long-term asset impairment".

- Lease liabilities

The Company initially measures lease liabilities at the present value of the lease payments that are due but not yet paid as of the lease commencement date. When calculating the present value of the lease payments, the Company uses the lease's implicit interest rate as the discount rate. If the implicit rate cannot be determined, the Company uses its incremental borrowing rate as the discount rate. Lease payments include the following:

1. Fixed lease payments and substantially fixed payments after deducting any lease incentives;
2. Variable lease payments that depend on an index or rate;

3. If it's reasonably certain that the Company will exercise a purchase option, the exercise price is included in the lease payments;

4. If the lease term reflects that the Company will exercise a termination option, the lease payments include any payment required to exercise the termination option;

5. Payments expected to be made based on the guaranteed residual value provided by the Company.

The Company calculates the interest expense for lease liabilities over each period during the lease term using a fixed discount rate and recognizes it in profit or loss for the period or the cost of the related assets.

Variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss for the period or the cost of the related assets when they occur.

4. Accounting treatment for the Company as a lessor

(1) Classification of leases

The Company classifies leases as either finance leases or operating leases at the lease commencement date. A finance lease is one that substantially transfers all risks and rewards incidental to ownership of the leased asset, whether or not ownership ultimately transfers. An operating lease is any lease other than a finance lease.

A lease is generally classified as a finance lease by the Company if one or more of the following conditions are met:

- 1) Ownership of the leased asset is transferred to the lessee at the end of the lease term.
- 2) The lessee has a purchase option, with the stipulated purchase price sufficiently lower than the expected fair value of the leased asset at the time the option is exercised, such that it is reasonable to assume that the lessee will exercise the option at the lease commencement date.
- 3) Although ownership does not transfer, the lease term encompasses a major part of the leased asset's useful life.
- 4) At the lease commencement date, the present value of the lease payments is nearly equivalent to the fair value of the leased asset.
- 5) The leased asset is of a specialized nature, such that only the lessee can use it without significant modification.

A lease may also be classified as a finance lease by the Company if one or more of the following indicators are present:

- 1) If the lessee cancels the lease, the lessee bears the cost of losses incurred by the lessor due to the cancellation.
- 2) The gains or losses from fluctuations in the fair value of the asset's residual value accrue to the lessee.
- 3) The lessee has the ability to continue leasing at rents substantially lower than market levels in subsequent periods.

(2) Accounting treatment for finance leases

At the lease commencement date, the Company recognizes a receivable for finance leases and derecognize the leased asset.

When initially measuring the finance lease receivable, the carrying value is determined by summing the present value of the unguaranteed residual value and the present value of the lease payments not yet received, discounted at the lease's implicit interest rate. The lease payments include:

- 1) Fixed lease payments and substantially fixed payments after deducting any lease incentives;
- 2) Variable lease payments that depend on an index or rate;
- 3) If it is reasonably certain that the lessee will exercise a purchase option, the lease payments include the exercise price of the purchase option;
- 4) If the lease term indicates that the lessee will exercise a termination option, the lease payments include any amount payable for exercising the termination option;
- 5) The guaranteed residual value provided to the lessor by the lessee, a related party of the lessee, or an independent third party with sufficient financial capacity to fulfill the guarantee.

The Company calculates and recognizes interest income for each period within the lease term using the fixed implicit rate of the lease. Any variable lease payments not included in the net investment in the lease are recorded in profit or loss when they occur.

(3) Accounting treatment for operating leases

The Company recognizes lease receipts from operating leases as rental income over the lease term on a straight-line basis or other systematic and reasonable method. Initial direct costs related to operating leases are capitalized and allocated over the lease term using the same basis as rental income recognition, with the costs recognized in profit or loss over time. Variable lease payments not included in lease receipts for operating leases are recognized in profit or loss when they occur.

5 Sale and leaseback transactions**(1) The Company as seller and lessee**

If the asset transfer in a sale and leaseback transaction qualifies as a sale, the Company measures the right-of-use asset arising from the leaseback at the portion of the carrying value of the original asset related to the right of use obtained from the leaseback. The Company recognizes gains or losses only to the extent of the rights transferred to the lessor. If the fair value of the sale consideration differs from fair value of the asset, or if the lessor does not charge market-based rent, the Company accounts for the difference between the sale consideration and the market price as follows: if the consideration is below market price, it is treated as prepaid rent; if it is above market price, it is treated as additional financing provided by the lessor to the lessee. In both cases, the associated gain or loss from the sale is adjusted to reflect fair value.

If the asset transfer in a sale and leaseback transaction does not qualify as a sale, the Company continues to recognize the transferred asset and recognizes a financial liability equivalent to the transfer consideration.

(2) The Company as buyer and lessor

If the asset transfer in a sale and leaseback transaction qualifies as a sale, the Company accounts for the asset purchase accordingly and treats the leaseback under the lease standards. If the fair value of the sale consideration differs from the asset's fair value, or if the Company does not charge market-based rent, the Company accounts for the difference as follows: if the consideration is below market price, it is treated as prepaid rent; if it is above market price, it is treated as additional financing provided to the lessee. In both cases, rental income is adjusted to reflect market prices.

If the asset transfer in a sale and leaseback transaction does not qualify as a sale, the Company recognizes a financial asset equivalent to the transfer consideration.

42. Other significant accounting policies and estimates

- Discontinued operations

The Company classifies a separately distinguishable component as discontinued operations if it meets one of the following conditions and has been disposed of or classified as held for sale:

(1) The component represents a separate major line of business or a separate major geographical area of operations.

(2) The component is part of a single coordinated plan to dispose of a separate major line of business or a separate major geographical area of operations.

(3) The component is a subsidiary acquired exclusively for resale.

Impairment losses, reversals of impairment losses, and gains or losses on disposal related to discontinued operations are presented as discontinued operations in the income statement.

- Share repurchases

During the reporting period, the Company repurchased its own shares

Based on an assessment of the Company's value and a firm belief in its future sustainable development, the share repurchase was undertaken to protect the interests of investors, establish a sound long-term incentive mechanism, and boost team cohesion and competitiveness. The move aims to motivate senior management and key personnel, supporting the Company's long-term growth. Taking into account the Company's financial position and future profitability, the Company intends to use its own funds to repurchase a portion of public shares through centralized bidding, which will be used to implement equity incentive plans or employee share ownership plans.

When the Company repurchases its own shares, in accordance with Accounting Standards for Business Enterprises, monetary fund decrease while treasury share increases on the books.

- Liability restructuring

1. Recognition of liability restructuring obligations as a debtor

For liability restructuring where liabilities are settled by transferring assets, the Company derecognizes the related assets and the settled liabilities when they meet the conditions for derecognition. The difference between the book value of the settled liability and the book value of the transferred assets is recorded in profit or loss for the period.

For liability restructuring where liabilities are converted into equity instruments, the Company derecognizes the settled liabilities when they meet the conditions for derecognition. When initially recognizing the equity instruments, they are measured at their fair value. If the fair value of the equity instruments cannot be reliably measured, they are measured at the fair value of the settled liability. The difference between the book value of the settled liability and the recognized amount of the equity instruments is recorded in profit or loss for the period.

If a liability restructuring involves modifications to other terms, the Company recognizes and measures the restructured liability in accordance with *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments* and *Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments*.

For liability restructuring where liabilities are settled by multiple assets or a combination of methods, the Company recognizes and measures equity instruments and restructured liability following the methods described above. The difference between the book value of the settled liability and the sum of the book value of the transferred assets and the recognized amounts for equity instruments and restructured liability is recorded in profit or loss for the period.

2. Recognition of liability restructuring obligations as a creditor

For liability restructuring where liabilities are settled by transferring assets, the Company initially measures the cost of the acquired assets (other than financial assets) at the fair value of the waived claim. For inventory, the cost includes the fair value of the waived claim and other costs directly attributable to bringing the asset to its current location and condition, such as taxes, transportation, loading and unloading fees, and insurance. For investments in associates or joint ventures, the cost includes the fair value of the waived claim and other directly attributable costs, such as taxes. For investment property, the cost includes the fair value of the waived claim and other directly attributable costs, such as taxes. For fixed assets, the cost includes the fair value of the waived claim and other directly attributable costs incurred to bring the asset to a usable state, such as taxes, transportation, loading and unloading fees, installation costs, and professional service fees. For intangible assets, the cost includes the fair value of the waived claim and other directly attributable costs incurred to bring the asset to its intended use, such as taxes. The difference between the fair value and the book value of the waived claim is recorded in profit or loss for the period.

In cases where liability restructuring involves the conversion of liability into equity instruments, resulting in the Company converting its claims into equity investments in associates or joint ventures, the Company measures the initial investment cost based on the fair value of the waived claim and other directly attributable costs, such as taxes. The difference between the fair value and the book value of the waived claim is recorded in profit or loss for the period.

For liability restructuring involving modifications to other terms, the Company recognizes and measures the restructured claims in accordance with *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*.

For liability restructuring where liabilities are settled through multiple assets or a combination of methods, the Company first recognizes and measures the acquired financial assets and restructured claims in accordance with *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*. Then, the Company allocates the net amount obtained by subtracting the recognized value of the financial assets and restructured claims from fair value of the waived claim among the acquired non-financial assets proportionally based on their fair value. This allocation is used to determine the cost of each asset following the previously outlined method. The difference between the fair value and the book value of the waived claim is recorded in profit or loss for the period. The difference between the fair value and the book value of the waived claim is recorded in profit or loss for the period.

43. Changes in significant accounting policies and estimates

(1) Changes in significant accounting policies

Applicable Not applicable

Unit: CNY

Content and reason for accounting policy change	Affected financial statement item	Amount affected
The Company has been applying the <i>Accounting Standards for Business Enterprises Interpretation No. 16</i> , issued by the Ministry of Finance in 2022, since January 1, 2023. This interpretation addresses the accounting treatment for deferred tax assets and liabilities arising from single transactions and clarifies that the initial recognition exemption does not apply.	See the table below.	

On December 13, 2022, the Ministry of Finance issued *Accounting Standards for Business Enterprises (Financial Accounting [2022] No. 31* (referred to as “Interpretation 16”), outlining that deferred tax assets and liabilities arising from single transactions are not subject to the initial recognition exemption. Interpretation 16 came into effect on January 1, 2023, with an option for early adoption in the year of its issuance.

From January 1, 2023, the Company does not retroactively adjust the comparable period information, and only adjusts the amount of the relevant items in the financial statements at the beginning of the year in which the Criteria was first implemented.

Impact of implementing Accounting Standards for Business Enterprises Interpretation No. 16 on the Company.

Item	December 31, 2022	January 1, 2023	Adjustment amount
Deferred tax assets	78,525,296.89	131,365,673.93	52,840,377.04
Deferred tax liabilities	74,822,021.54	126,211,380.44	51,389,358.90
Retained earnings	3,109,941,135.25	3,111,392,153.39	1,451,018.14

(2) Changes in significant accounting estimates

Applicable Not applicable

(3) Adjustments to financial statement items for the beginning of the first year of new accounting standards applied from 2023

Applicable Not applicable

Explanation of adjustments

The following table shows the impact of implementing Interpretation 16 on financial statement items as of January 1, 2023:

Item	December 31, 2022	January 1, 2023	Adjustment amount
Deferred tax assets	78,525,296.89	131,365,673.93	52,840,377.04
Deferred tax liabilities	74,822,021.54	126,211,380.44	51,389,358.90
Retained earnings	3,109,941,135.25	3,111,392,153.39	1,451,018.14

44. Others

None.

VI. Taxes**1. Main categories and rates of taxes**

Category	Taxation basis	Rate
Value-added tax ("VAT")	Output tax calculated based on income from sales of goods and taxable services as stipulated by tax law. The VAT payable is the difference after deducting allowable input tax for the period.	13%, 9%, 6%, 3%
Urban maintenance and construction tax	Calculated based on the actual VAT and consumption tax paid.	7%, 5%, 1%
Corporate income tax	Calculated based on taxable income.	Refer to description
Property tax	If assessed based on value, calculated at 1.2% on the residual value after a one-time deduction of 30% from the original property value.	1.2%
Educational surcharge	Calculated based on the actual VAT and consumption tax paid.	3%
Local education surcharge	Calculated based on the actual VAT and consumption tax paid.	1%, 2%

Disclosure of situations where entities are subject to different corporate income tax rates

Name of tax payer	Income tax rate
Centre Testing International Group Co., Ltd.	15.00%
Centre Testing International Metrology Testing Co., Ltd.	15.00%
Centre Testing International Metrology Testing (Jinan) Co.,	20.00%

Ltd.	
CTI Fengxue Testing Technology Co., Ltd.	15.00%
Centre Testing International Certification Co., Ltd.	15.00%
Beijing CTI Excellence Technical Services Co., Ltd.	20.00%
Zhejiang Hua'an Energy-saving Engineering Co., Ltd.	20.00%
Beijing CTI Food and Agricultural Certification Services Co., Ltd.	20.00%
CTI Data Certification and Testing (Shenzhen) Co., Ltd.	20.00%
Centre Testing International Beijing Co., Ltd.	15.00%
Suzhou CTI Testing Technology Co., Ltd.	15.00%
Qingdao CTI Testing Technology Co., Ltd.	15.00%
Shanghai CTI Pinbiao Testing Technology Co., Ltd.	15.00%
Mirui (Shanghai) Testing Technology Co., Ltd.	20.00%
Shenzhen CTI Commodity Inspection Co., Ltd.	20.00%
Guangdong CTI Forensic Identification Center	20.00%
Shenzhen CTI Training Center	20.00%
Wuhan CTI Testing Technology Co., Ltd.	15.00%
Shenzhen CTI Standard Material Research Institute	20.00%
Shenzhen CTI Private Equity Fund Management Co., Ltd.	20.00%
Shenzhen CTI Information Technology Co., Ltd.	20.00%
Heilongjiang CTI Testing Technology Co., Ltd.	15.00%
Xinjiang Kerui Testing Technology Co., Ltd.	20.00%
Shenzhen TNLINK Technology Development Co., Ltd.	20.00%
Hangzhou Hua'an Engineering Services Co., Ltd.	20.00%
Zhoushan Jingwei Ship Service Co., Ltd.	20.00%
Shanghai CTI Pinzheng Testing Technology Co., Ltd.	15.00%
Tianjin CTI Certification Co., Ltd.	15.00%
CTI Engineering Testing Co., Ltd.	15.00%
Ningbo Weizhi Testing Technology Services Co., Ltd.	20.00%
Shenzhen CTI Pest Management Co., Ltd.	20.00%
Shenzhen CTI Laboratory Technology Services Co., Ltd.	15.00%
CTI Electronic Certification Co., Ltd.	15.00%
Henan Hucheng Information Technology Co., Ltd.	20.00%
Fujian Shangwei Testing Co., Ltd.	20.00%
Sichuan CTI Jianxin Testing Technology Co., Ltd.	15.00%
Shenyang CTI Testing Technology Co., Ltd.	20.00%
Ningguo CTI Testing Technology Co., Ltd.	20.00%
Guangzhou CTI Testing and Certification Technology Co., Ltd.	15.00%
CTI Jianghe Environmental Technology (Shenzhen) Co., Ltd.	20.00%
Inner Mongolia CTI Quality Inspection Service Co., Ltd.	20.00%
Suzhou CTI Engineering Testing Co., Ltd.	20.00%
Shenzhen CTI Standard Material Research Center Co., Ltd.	20.00%
Liaoning CTI Pinbiao Testing and Certification Co., Ltd.	20.00%
Shanghai CTI Zhike Materials Technology Co., Ltd.	20.00%
Hebei CTI Junrui Testing Technology Co., Ltd.	20.00%
Henan CTI Quantong Engineering Testing Co., Ltd.	20.00%
Zhejiang CTI Yuanjian Testing Co., Ltd.	20.00%
Zhejiang Huajian Technology Development Co., Ltd.	20.00%
Chengdu Xijiao CTI Rail Transit Technology Co., Ltd.	20.00%
Suzhou CTI Anping Technology Services Co., Ltd.	20.00%
Shanghai CTI Aipu Medical Laboratory Co., Ltd.	15.00%
Shenzhen CTI Medical Testing Laboratory	20.00%
Zhengzhou CTI Aipu Medical Laboratory Co., Ltd.	20.00%
Qingdao CTI Medical Testing Laboratory Co., Ltd.	20.00%

Tianjin CTI Medical Testing Laboratory Co., Ltd.	20.00%
Suzhou CTI Medical Testing Laboratory Co., Ltd.	20.00%
Kunming CTI Medical Testing Laboratory Co., Ltd.	20.00%
Beijing CTI Medical Testing Laboratory Co., Ltd.	20.00%
Shanghai CTI Aiyuan Medical Laboratory Co., Ltd.	20.00%
Guangzhou CTI Pinjian Biotechnology Co., Ltd.	20.00%
Guangzhou Vectoring Pharmatech Co., Ltd.	20.00%
Guangdong Neway Quality Technology Service Co., Ltd.	20.00%
Shanghai CTI Zhi'an Outpatient Department Co., Ltd.	20.00%
CTI Medical Device Technology Service (Shenzhen) Co., Ltd.	20.00%
Shanghai CTI Zhi'an Outpatient Department Co., Ltd.	20.00%
Suzhou Wuzhong Economic Development Zone Jiakang Outpatient Department Co., Ltd.	20.00%
Centre Testing International Hubei Co., Ltd.	20.00%
Haotu Enterprise Management Consulting (Shanghai) Co., Ltd.	20.00%
Haotu Technology (Shanghai) Co., Ltd.	20.00%
Jiangxi Yingyong CTI Testing Co., Ltd.	20.00%
Tibet CTI Testing Technology Co., Ltd.	20.00%
CTI Guoruan Technology Services Nanjing Co., Ltd.	20.00%
Chengdu CTI Testing Technology Co., Ltd.	15.00%
Zhongshan CTI Testing Technology Co., Ltd.	20.00%
Fuzhou CTI Pinbiao Testing Co., Ltd.	20.00%
Guangzhou CTI Pinbiao Testing Co., Ltd.	20.00%
Guizhou CTI Testing Technology Co., Ltd.	20.00%
Hunan Pinbiao CTI Testing Technology Co., Ltd.	15.00%
Guangxi CTI Certification Co., Ltd.	15.00%
Xiamen CTI Testing Technology Co., Ltd.	15.00%
Yunnan CTI Certification Co., Ltd.	15.00%
Chongqing CTI Testing Technology Co., Ltd.	15.00%
Anhui CTI Testing Technology Co., Ltd.	15.00%
Hangzhou CTI Testing Technology Co., Ltd.	15.00%
Huai'an CTI Testing Technology Co., Ltd.	20.00%
Jiangsu CTI Pinbiao Testing and Certification Technology Co., Ltd.	15.00%
Nanchang CTI Certification Co., Ltd.	20.00%
Ningbo CTI Testing Technology Co., Ltd.	15.00%
Dalian Huaxin Physicochemical Testing Center Co., Ltd.	15.00%
Wuhan Huaxin Physicochemical Testing Technology Co., Ltd.	20.00%
Gansu CTI Certification Co., Ltd.	20.00%
Hebei CTI Testing Services Co., Ltd.	20.00%
Henan CTI Testing Technology Co., Ltd.	15.00%
Pinbiao Environmental Technology Co., Ltd.	20.00%
Shaanxi Huabang Testing Service Co., Ltd.	20.00%
Shaanxi Huabang Environmental Damage Forensic Appraisal Center	20.00%
Jilin Anxin Food Technology Services Co., Ltd.	20.00%
CTI (Nantong) Automotive Technology Services Co., Ltd.	20.00%
Sichuan CTI Testing Technology Co., Ltd.	20.00%
Xipai Technology (Nanjing) Co., Ltd.	20.00%
Global Future Investment Limited	0.00%
Huazheng Technology Co., Ltd.	20.00%
CTI VESP Testing Technology (Shenzhen) Co., Ltd.	20.00%
CTI VESP Testing Technology (Shanghai) Co., Ltd.	20.00%
CTI Holding (Hong Kong) Co., Ltd.	16.50%

CENTRE TESTING INTERNATIONAL PTE.LTD.	17.00%
Taiwan CTI Testing Technology Co., Ltd.	20.00%
CTI U.S. INC.	27.00%
CEM INTERNATIONAL LIMITED	19.00%
CTI-CEM INTERNATIONAL LIMITED	12.50%
POLY NDT (PRIVATE) LIMITED	17.00%
MARITEC PTE. LTD.	17.00%
CTI Germany Management GmbH	31.93%
CTI Germany Holding GmbH & Co. KG	31.93%
IMAT-UVE GMBH	34.70%
IMAT-UVE AUTOMOTIVE TESTING CENTRE (PTY) LTD	28.00%
IMAT AUTOMOTIVE TECHNOLOGY SERVICES INC.	27.00%
IMAT AUTOMOTIVE TECHNOLOGY SERVICES MEXICO. S. DE R.L. DE C.V.	30.00%
Centre Testing International (Holdings) Pte Ltd.	17.00%
Centre Testing International (Japan) Co., Ltd	15.00%
Imat (Shenyang) Automotive Technology Co., Ltd.	20.00%
Shanghai Imat Automotive Technology Services Co., Ltd.	20.00%
Other tax entities not listed above	25.00%

2. Tax incentives

1. The Company

The Company has been recognized as a High and New Technology Enterprise by the Shenzhen Science and Technology Innovation Commission, the Shenzhen Finance Bureau, and the Shenzhen Tax Bureau of the State Administration of Taxation. The certificate number is GR202344206314, with a validity of three years, issued on December 15, 2023. The Company pays corporate income tax at a reduced rate of 15% for the current year.

2. Centre Testing International Metrology Testing Co., Ltd.

Centre Testing International Metrology Testing Co., Ltd. has been recognized as a High and New Technology Enterprise by the Shenzhen Science and Technology Innovation Commission, the Shenzhen Finance Bureau, and the Shenzhen Tax Bureau of the State Administration of Taxation. The certificate number is GR202244207375, with a validity of three years, issued on December 19, 2022. Centre Testing International Metrology Testing Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

3. Centre Testing International Certification Co., Ltd.

Centre Testing International Certification Co., Ltd. has been recognized as a High and New Technology Enterprise by the Shenzhen Science and Technology Innovation Commission, the Shenzhen Finance Bureau, and the Shenzhen Tax Bureau of the State Administration of Taxation. The certificate number is GR202344201501, with a validity of three years, issued on October 16, 2023. Centre Testing International Certification Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

4. Shenzhen CTI Laboratory Technology Services Co., Ltd.

Shenzhen CTI Laboratory Technology Services Co., Ltd. has been recognized as a High and New Technology Enterprise by the Shenzhen Science and Technology Innovation Commission, the Shenzhen Finance Bureau, and the Shenzhen Tax Bureau of the State Administration of Taxation. The certificate number is GR202144200248, with a validity of three years, issued on December 23, 2021. Shenzhen CTI Laboratory Technology Services Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

5. Ningbo CTI Testing Technology Co., Ltd.

Ningbo CTI Testing Technology Co., Ltd. has been recognized as a High and New Technology Enterprise by the Ningbo Science and Technology Bureau, the Ningbo Finance Bureau, and the Ningbo Tax Bureau of the State Administration of Taxation. The certificate number is GR202133100802, with a validity of three years, issued on December 10, 2021. Ningbo CTI Testing Technology Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

6. Hangzhou CTI Testing Technology Co., Ltd.

Hangzhou CTI Testing Technology Co., Ltd. has been recognized as a High and New Technology Enterprise by the Zhejiang Provincial Department of Science and Technology, the Zhejiang Provincial Department of Finance, and the Zhejiang Provincial Tax Bureau of the State Administration of Taxation. The certificate number is GR202333011114, with a validity of three years, issued on December 8, 2023. Hangzhou CTI Testing Technology Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

7. Shanghai CTI Pinbiao Testing Technology Co., Ltd.

Shanghai CTI Pinbiao Testing Technology Co., Ltd. has been recognized as a High and New Technology Enterprise by the Shanghai Municipal Science and Technology Commission, the Shanghai Municipal Finance Bureau, and the Shanghai Tax Bureau of the State Administration of Taxation. The certificate number is GR202231002847, with a validity of three years, issued on December 14, 2022. Shanghai CTI Pinbiao Testing Technology Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

8. Shanghai CTI Pinzheng Testing Technology Co., Ltd.

Shanghai CTI Pinzheng Testing Technology Co., Ltd. has been recognized as a High and New Technology Enterprise by the Shanghai Municipal Science and Technology Commission, the Shanghai Municipal Finance Bureau, and the Shanghai Tax Bureau of the State Administration of Taxation. The certificate number is GR202331003526, with a validity of three years, issued on December 12, 2023. Shanghai CTI Pinzheng Testing Technology Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

9. Anhui CTI Testing Technology Co., Ltd.

Anhui CTI Testing Technology Co., Ltd. has been recognized as a High and New Technology Enterprise by the Anhui Provincial Department of Science and Technology, the Anhui Provincial Department of Finance, and the Anhui Provincial Tax Bureau of the State Administration of Taxation. The certificate number is GR202234003806, with a validity of three years, issued on October 18, 2022. Anhui CTI Testing Technology Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

10. Chengdu CTI Testing Technology Co., Ltd.

Chengdu CTI Testing Technology Co., Ltd. has been recognized as a High and New Technology Enterprise by the Sichuan Provincial Department of Science and Technology, the Sichuan Provincial Department of Finance, and the Sichuan Provincial Tax Bureau of the State Administration of Taxation. The certificate number is GR202251001952, with a validity of three years, issued on November 2, 2022. Chengdu CTI Testing Technology Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

11. Hunan Pinbiao CTI Testing Technology Co., Ltd.

Hunan Pinbiao CTI Testing Technology Co., Ltd. has been recognized as a High and New Technology Enterprise by the Hunan Provincial Department of Science and Technology, the Hunan Provincial Department of Finance, and the Hunan Provincial Tax Bureau of the State Administration of Taxation. The certificate number is GR202143003644, issued on December 15, 2021. Hunan Pinbiao CTI Testing Technology Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

12. Sichuan CTI Jianxin Testing Technology Co., Ltd.

Sichuan CTI Jianxin Testing Technology Co., Ltd. has been recognized as a High and New Technology Enterprise by the Sichuan Provincial Department of Science and Technology, the Sichuan Provincial Department of Finance, and the Sichuan Provincial Tax Bureau of the State Administration of Taxation. The certificate number is GR202151002258, with a validity of three years, issued on October 9, 2021. Sichuan CTI Jianxin Testing Technology Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

13. Xiamen CTI Testing Technology Co., Ltd.

Xiamen CTI Testing Technology Co., Ltd. has been recognized as a High and New Technology Enterprise by the Xiamen Municipal Department of Science and Technology, the Xiamen Municipal Finance Bureau, and the Xiamen Tax Bureau of the State Administration of Taxation. The certificate number is GR202135100065, with a validity of three years, issued on November 3, 2021. Xiamen CTI Testing Technology Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

14. Suzhou CTI Testing Technology Co., Ltd.

Suzhou CTI Testing Technology Co., Ltd. has been recognized as a High and New Technology Enterprise by the Jiangsu Provincial Department of Science and Technology, the Jiangsu Provincial Department of Finance, and the Jiangsu Provincial Tax Bureau of the State Administration of Taxation. The certificate number is GR202332010351, with a validity of three years, issued on December 13, 2023. Suzhou CTI Testing Technology Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

15. Jiangsu CTI Pinbiao Testing and Certification Technology Co., Ltd.

Jiangsu CTI Pinbiao Testing and Certification Technology Co., Ltd. has been recognized as a High and New Technology Enterprise by the Jiangsu Provincial Department of Science and Technology, the Jiangsu Provincial Department of Finance, and the Jiangsu Provincial Tax Bureau of the State Administration of Taxation. The certificate number is GR202332017568, with a

validity of three years, issued on December 13, 2023. Jiangsu CTI Pinbiao Testing and Certification Technology Co. pays corporate income tax at a reduced rate of 15% for the current year.

16. Centre Testing International Beijing Co., Ltd.

Centre Testing International Beijing Co., Ltd. has been recognized as a High and New Technology Enterprise by the Beijing Municipal Science and Technology Commission, the Beijing Municipal Finance Bureau, and the Beijing Tax Bureau of the State Administration of Taxation. The certificate number is GR202311002617, with a validity of three years, issued on October 26, 2023. Centre Testing International Beijing Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

17. Qingdao CTI Testing Technology Co., Ltd.

Qingdao CTI Testing Technology Co., Ltd. has been recognized as a High and New Technology Enterprise by the Qingdao Science and Technology Bureau, the Qingdao Finance Bureau, and the Qingdao Tax Bureau of the State Administration of Taxation. The certificate number is GR202137100901, with a validity of three years, issued on November 4, 2021. Qingdao CTI Testing Technology Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

18. Heilongjiang CTI Testing Technology Co., Ltd.

Heilongjiang CTI Testing Technology Co., Ltd. has been recognized as a High and New Technology Enterprise by the Heilongjiang Provincial Department of Science and Technology, the Heilongjiang Provincial Department of Finance, and the Heilongjiang Provincial Tax Bureau of the State Administration of Taxation. The certificate number is GR202123000845, with a validity of three years, issued on October 28, 2021. Heilongjiang CTI Testing Technology Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

19. CTI Electronic Certification Co., Ltd.

CTI Electronic Certification Co., Ltd. has been recognized as a High and New Technology Enterprise by the Henan Provincial Department of Science and Technology, the Henan Provincial Department of Finance, and the Henan Provincial Tax Bureau of the State Administration of Taxation. The certificate number is GR202241003425, with a validity of three years, issued on December 1, 2022. CTI Electronic Certification Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

20. Dalian Huaxin Physicochemical Testing Center Co., Ltd.

Dalian Huaxin Physicochemical Testing Center Co., Ltd. has been recognized as a High and New Technology Enterprise by the Dalian Science and Technology Bureau, the Dalian Finance Bureau, and the Dalian Tax Bureau of the State Administration of Taxation. The certificate number is GR202221201117, with a validity of three years, issued on December 14, 2022. Dalian Huaxin Physicochemical Testing Center Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

21. Tianjin CTI Certification Co., Ltd.

Tianjin CTI Certification Co., Ltd. has been recognized as a High and New Technology Enterprise by the Tianjin Science and Technology Bureau, the Tianjin Finance Bureau, and the Tianjin Tax Bureau of the State Administration of Taxation. The

certificate number is GR202112000179, with a validity of three years, issued on October 9, 2021. Tianjin CTI Certification Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

22. Henan CTI Testing Technology Co., Ltd.

Henan Hua test Technology Co., Ltd. is identified as a high-tech enterprise by Henan Provincial Department of Science and Technology, Henan Provincial Department of Finance, State Administration of Taxation Henan Provincial Tax Bureau, the certificate number is GR202341002806, valid for three years, issuing time: October 2, 2023. Henan CTI Testing Technology Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

23. CTI Engineering Testing Co., Ltd.

CTI Engineering Testing Co., Ltd. has been recognized as a High and New Technology Enterprise by the Guangdong Provincial Department of Science and Technology, the Guangdong Provincial Department of Finance, and the Guangdong Provincial Tax Bureau of the State Administration of Taxation. The certificate number is GR202244010548, with a validity of three years, issued on December 22, 2022. CTI Engineering Testing Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

24. Guangxi CTI Certification Co., Ltd.

Guangxi CTI Certification Co., Ltd. has been recognized as a High and New Technology Enterprise by the Guangxi Zhuang Autonomous Region Department of Science and Technology, the Guangxi Zhuang Autonomous Region Department of Finance, and the Guangxi Zhuang Autonomous Region Tax Bureau of the State Administration of Taxation. The certificate number is GR202245000256, with a validity of three years, issued on October 18, 2022. Guangxi CTI Certification Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

25. Guangzhou CTI Testing and Certification Technology Co., Ltd.

Guangzhou CTI Testing and Certification Technology Co., Ltd. has been recognized as a High and New Technology Enterprise by the Guangdong Provincial Department of Science and Technology, the Guangdong Provincial Department of Finance, and the Guangdong Provincial Tax Bureau of the State Administration of Taxation. The certificate number is GR202144013336, with a validity of three years, issued on December 31, 2021. Guangzhou CTI Testing and Certification Technology Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

26. Yunnan CTI Certification Co., Ltd.

Yunnan CTI Certification Co., Ltd. has been recognized as a High and New Technology Enterprise by the Yunnan Provincial Department of Science and Technology, the Yunnan Provincial Department of Finance, and the Yunnan Provincial Tax Bureau of the State Administration of Taxation. The certificate number is GR202153000572, with a validity of three years, issued on December 3, 2021. Yunnan CTI Certification Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

27. CTI Fengxue Testing Technology Co., Ltd.

CTI Fengxue Testing Technology Co., Ltd. has been recognized as a High and New Technology Enterprise by the Anhui Provincial Department of Science and Technology, the Anhui Provincial Department of Finance, and the Anhui Provincial Tax Bureau of the State Administration of Taxation. The certificate number is GR202234003355, with a validity of three years, issued on October 18, 2022. CTI Fengxue Testing Technology Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

28. Wuhan CTI Testing Technology Co., Ltd.

Wuhan CTI Testing Technology Co., Ltd. has been recognized as a High and New Technology Enterprise by the Hubei Provincial Department of Science and Technology, the Hubei Provincial Department of Finance, and the Hubei Provincial Tax Bureau of the State Administration of Taxation. The certificate number is GR202342007950, with a validity of three years, issued on December 8, 2023. Wuhan CTI Testing Technology Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

29. Shanghai CTI Aipu Medical Laboratory Co., Ltd.

Shanghai CTI Aipu Medical Laboratory Co., Ltd. has been recognized as a High and New Technology Enterprise by the Shanghai Municipal Science and Technology Commission, the Shanghai Municipal Finance Bureau, and the Shanghai Tax Bureau of the State Administration of Taxation. The certificate number is GR202331007029, with a validity of three years, issued on December 12, 2023. Shanghai CTI Aipu Medical Laboratory Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

30. Chongqing CTI Testing Technology Co., Ltd.

Chongqing CTI Testing Technology Co., Ltd. has been recognized as a High and New Technology Enterprise by the Chongqing Science and Technology Bureau, the Chongqing Finance Bureau, and the Chongqing Tax Bureau of the State Administration of Taxation. The certificate number is GR202351101751, with a validity of three years, issued on October 16, 2023. Chongqing CTI Testing Technology Co., Ltd. pays corporate income tax at a reduced rate of 15% for the current year.

31. Tax incentives for small and micro enterprises

According to the Ministry of Finance and the State Administration of Taxation's *Announcement on Income Tax Incentives for Small and Micro Enterprises and Individual Industrial and Commercial Households* (C.S. [2023] No. 6), the portion of the annual taxable income of small and micro enterprises not exceeding 1 million CNY is taxed at a reduced rate of 25% of the taxable income, with a corporate income tax rate of 20%. This policy is valid from January 1, 2023, to December 31, 2024. According to the Ministry of Finance and the State Administration of Taxation's *Announcement on Further Implementation of Corporate Income Tax Incentives for Small and Micro Enterprises* (C.S. [2022] No. 13), the portion of annual taxable income exceeding 1 million CNY but not exceeding 3 million CNY for small and micro enterprises is taxed at a reduced rate of 25% of the taxable income, with a corporate income tax rate of 20%. This policy is valid from January 1, 2022, to December 31, 2024. The Ministry of Finance and the State Administration of Taxation's *Announcement on Further Support for Small and Micro Enterprises and Individual Industrial and Commercial Households* (C.S. [2023] No. 12) extends the reduced income tax rate for small and micro enterprises through December 31, 2027. All companies listed in the table with a corporate income tax rate of 20% are eligible for the income tax incentives for small and micro enterprises.

3. Others

VII. Notes to the Consolidated Financial Statements

1. Cash at bank and on hand

Unit: CNY

Item	Closing balance	Opening balance
Cash on hand	34,366.02	42,956.74
Cash at bank	1,385,998,067.82	1,576,848,122.89
Other monetary funds	64,651,341.46	24,678,706.02
Total	1,450,683,775.30	1,601,569,785.65
Including: Total amount held abroad	106,689,296.51	131,681,175.24

Other Notes:

Details of restricted monetary funds are as follows:

Item	Closing balance	Opening balance
Bid bond	355,000.00	97,500.00
Performance bond	20,774,142.22	18,311,865.89
Time deposits or call deposits		153,157.80
Prepayment guarantee	4,086,782.5	2,932,496.00
Letter of credit margin		2,669,114.25
Quality bond	23,639.50	
Other	466,246.62	2,736,504.00
Total	25,705,810.84	26,900,637.94

2. Trading financial assets

Unit: CNY

Item	Closing balance	Opening balance
Including:		
Including:		
Total	0.00	0.00

Other Notes:

3. Derivative financial assets

None

4. Notes receivable

(1) Breakdown by category

Unit: CNY

Item	Closing balance	Opening balance
Banker's acceptance notes	17,671,530.15	18,953,226.22
Commercial acceptance notes	1,821,802.18	3,660,073.60
Total	19,493,332.33	22,613,299.82

(2) Disclosure by bad liability provision method

Unit: CNY

Classification	Closing balance					Opening balance				
	Book balance		Provision for bad liabilities		Book value	Book balance		Provision for bad liabilities		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Including:										
Accounts receivable notes with bad liability provision on a group basis	20,329,202.77	100.00%	835,870.44	4.11%	19,493,332.33	23,471,157.13	100.00%	857,857.31	3.65%	22,613,299.82
Including:										
Including: Banker's acceptance notes	18,389,137.0	90.46%	717,583.55	3.90%	17,671,530.15	19,618,448.08	83.59%	665,221.86	3.39%	18,953,226.22
Commercial bills portfolio	1,940,089.07	9.54%	118,286.89	6.10%	1,821,802.18	3,852,709.05	16.41%	192,635.45	5.00%	3,660,073.60
Total	20,329,202.77	100.00%	835,870.44	4.11%	19,493,332.33	23,471,157.13	100.00%	857,857.31	3.65%	22,613,299.82

Bad liability provision on a portfolio provision basis:

Unit: CNY

Name	Closing balance
------	-----------------

	Book balance	Provision for bad liabilities	Proportion
Banker's acceptance notes	18,389,113.70	717,583.55	3.90%
Commercial bills portfolio	1,940,089.07	118,286.89	6.10%
Total	20,329,202.77	835,870.44	

Explanation for basis of group determination:

None.

If the general expected credit loss model is applied to accounts receivable notes bad liability provision:

Applicable Not applicable

(3) Bad liability provisions in the current period

Bad liability provisions for the current period:

Unit: CNY

Classification	Opening balance	Change in current period				Closing balance
		Provision	Recovered or reversed	Written off	Other	
Banker's acceptance notes	665,221.86	52,211.08			150.61	717,583.55
Commercial bills portfolio	192,635.45		74,348.56			118,286.89
Total	857,857.31	52,211.08	74,348.56		150.61	835,870.44

Significant amount of bad liability provisions recovered or reversed in the current period:

Applicable Not applicable

(4) Accounts receivable notes pledged by the company at the end of the period

None

(5) Endorsed or discounted accounts receivable notes not yet due as of the balance sheet date at the end of the period

Unit: CNY

Item	Ending balance for notes with termination of recognition	Ending balance for notes without termination of recognition
Banker's acceptance notes	17,883,959.76	
Total	17,883,959.76	

(6) Actual write-offs of accounts receivable notes in the current period

None

5. Accounts receivable

(1) Disclosure by aging

Unit: CNY

Aging	Closing book balance	Opening book balance
Within 1 year (inclusive)	1,439,694,803.43	1,339,134,677.64
1 to 2 years	251,958,402.52	134,478,044.00
2 to 3 years	61,955,716.81	49,643,275.71
Over 3 years	46,810,012.95	33,357,073.10
3 to 4 years	27,022,307.40	16,274,470.19
4 to 5 years	9,247,547.54	9,705,135.20
Over 5 years	10,540,158.01	7,377,467.71
Total	1,800,418,935.71	1,556,613,070.45

(2) Disclosure by bad liability provision method

Unit: CNY

Classification	Closing balance					Opening balance				
	Book balance		Provision for bad liabilities		Book value	Book balance		Provision for bad liabilities		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Individually assessed bad liability provision for accounts receivable	9,229,714.55	0.51%	9,098,780.12	98.58%	130,934.43	8,932,944.27	0.57%	8,796,750.25	98.48%	136,194.02
Including:										
Bad liability provision for accounts receivable on a portfolio provision basis	1,791,189,221.16	99.49%	205,460,735.06	11.47%	1,585,728,486.10	1,547,680,126.18	99.43%	158,980,934.34	10.27%	1,388,699,191.84
Including:										
Including	1,791,189,221.16	99.49%	205,460,735.06	11.47%	1,585,728,486.10	1,547,680,126.18	99.43%	158,980,934.34	10.27%	1,388,699,191.84

g: Aging portfolio	9,221.16		735.06		8,486.10	0,126.18		934.34		9,191.84
Total	1,800,418,935.71	100.00%	214,559,515.18	11.92%	1,585,859,420.53	1,556,613,070.45	100.00%	167,777,684.59	10.78%	1,388,835,385.86

Provision for doubtful accounts on an individual basis: 9,098,780.12

Unit: CNY

Name	Opening balance		Closing balance			
	Book balance	Provision for bad liabilities	Book balance	Provision for bad liabilities	Proportion	Individually assessed bad liability provision:
Baoneng (Guangzhou) Automobile Research Institute Co., Ltd.	1,622,140.00	1,622,140.00	1,622,140.00	1,622,140.00	100.00%	Expected to be uncollectible
Ningbo Tower Automotive Components Co., Ltd.	1,169,074.00	1,169,074.00	1,169,074.00	1,169,074.00	100.00%	Expected to be uncollectible
Individually assessed accounts receivable with a book balance not exceeding CNY 1 million	6,141,730.27	6,005,536.25	6,438,500.55	6,307,566.12	97.97%	Expected to be uncollectible
Total	8,932,944.27	8,796,750.25	9,229,714.55	9,098,780.12		

Bad liability provision on a portfolio provision basis:205,460,735.06

Unit: CNY

Name	Closing balance		
	Book balance	Provision for bad liabilities	Proportion
Within 1 year	1,438,467,266.32	69,070,013.22	4.80%
1-2 years	250,362,782.80	63,439,853.36	25.34%
2-3 years	58,247,991.17	28,839,687.61	49.51%
Over 3 years	44,111,180.87	44,111,180.87	100.00%
Total	1,791,189,221.16	205,460,735.06	

Explanation for basis of group determination:

None.

If bad liability provisions for accounts receivable are calculated using the general expected credit loss model:

Applicable Not applicable

(3) Bad liability provisions in the current period

Bad liability provisions for the current period:

Unit: CNY

Classification	Opening balance	Change in current period				Closing balance
		Provision	Recovered or reversed	Written off	Other	
Provision for doubtful accounts on an individual basis	8,796,750.25	1,661,585.27	260,320.43	1,099,234.97		9,098,780.12
Bad liability provision on a portfolio provision basis	158,980,934.34	46,310,117.37	0.00	2,994,775.80	3,164,459.15	205,460,735.06
Total	167,777,684.59	47,971,702.64	260,320.43	4,094,010.77	3,164,459.15	214,559,515.18

Significant amount of bad liability provisions recovered or reversed in the current period: None

(4) Actual write-offs of accounts receivable in the current period

Unit: CNY

Item	Write-off amounts
Accounts receivable actually written off	4,094,010.77

Significant write-offs of accounts receivable include: None

(5) Top 5 accounts receivable and contract assets by debtor at the end of the period

Unit: CNY

Organization name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion of total ending balance of accounts receivable and contract assets	Ending balance of accounts receivable bad liability provisions and contract asset impairment provisions
Customer 1	20,702,010.66	0.00	20,702,010.66	1.03%	3,224,393.27
Customer 2	18,159,101.17	0.00	18,159,101.17	0.91%	18,387.22
Customer 3	16,042,982.50	0.00	16,042,982.50	0.80%	1,825,269.83
Customer 4	15,313,964.00	0.00	15,313,964.00	0.76%	4,594,579.20
Customer 5	12,621,750.00	0.00	12,621,750.00	0.63%	731,187.50
Total	82,839,808.33	0.00	82,839,808.33	4.13%	10,393,817.02

6. Contract assets**(1) Contract asset situation**

Unit: CNY

Item	Closing balance			Opening balance		
	Book balance	Provision for bad liabilities	Book value	Book balance	Provision for bad liabilities	Book value
Completed but	201,591,012.74	19,000,315.51	182,590,697.23	152,842,575.71	9,042,222.10	143,800,353.61

unsettled						
Total	201,591,012.74	19,000,315.51	182,590,697.23	152,842,575.71	9,042,222.10	143,800,353.61

(2) Significant changes in book value and reasons during the reporting period

Unit: CNY

Item	Amount of change	Reason for change
Completed but unsettled	38,790,343.62	Completed but unsettled item added
Total	38,790,343.62	—

(3) Disclosure by bad liability provision method

Unit: CNY

Classification	Closing balance					Opening balance				
	Book balance		Provision for bad liabilities		Book value	Book balance		Provision for bad liabilities		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Including:										
Bad liability provision on a portfolio provision basis	201,591,012.74	100.00%	19,000,315.51	9.43%	182,590,697.23	152,842,575.71	100.00%	9,042,222.10	5.92%	143,800,353.61
Including:										
Aging portfolio	201,591,012.74	100.00%	19,000,315.51	9.43%	182,590,697.23	152,842,575.71	100.00%	9,042,222.10	5.92%	143,800,353.61
Total	201,591,012.74	100.00%	19,000,315.51	9.43%	182,590,697.23	152,842,575.71	100.00%	9,042,222.10	5.92%	143,800,353.61

Bad liability provision on a portfolio provision basis: 19,000,315.51

Unit: CNY

Name	Closing balance		
	Book balance	Provision for bad liabilities	Proportion
Within 1 year	140,807,367.31	6,895,200.13	4.90%
1-2 years	54,389,509.65	8,158,426.69	15.00%
2-3 years	4,094,107.63	1,646,660.54	40.22%
Over 3 years	2,300,028.15	2,300,028.15	100.00%
Total	201,591,012.74	19,000,315.51	

Explanation for basis of group determination:

Provision for bad liabilities recorded according to the expected credit loss general model

 Applicable Not applicable

(4) Bad liability provisions in the current period

Unit: CNY

Item	Provision for the current period	Recovery or reversal in the current period	Write-off or cancellation in the current period	Reason
Completed but unsettled	9,956,930.24			Provision for bad liabilities calculated based on the age of accounts receivable at the end of the period
Total	9,956,930.24			—

Significant amount of bad liability provisions recovered or reversed in the current period:

None.

(5) Actual write-offs of contract assets in the current period

None

7. Receivables financing

None

8. Other receivables

Unit: CNY

Item	Closing balance	Opening balance
Dividends receivable		0.00
Other receivables	66,484,207.95	63,964,192.90
Total	66,484,207.95	63,964,192.90

(1) Interest receivable

None

(2) Dividends receivable

None

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

Unit: CNY

Item nature	Closing book balance	Opening book balance
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Deposits and guarantees	56,561,695.12	54,739,096.75
Temporary payments receivable	11,933,295.06	12,511,549.97
Other	1,595,453.92	1,128,640.63
Total	70,090,444.10	68,379,287.35

2) Disclosure by aging

Unit: CNY

Aging	Closing book balance	Opening book balance
Within 1 year (inclusive)	33,840,769.20	32,863,472.04
1 to 2 years	11,670,522.36	12,965,112.52
2 to 3 years	7,249,420.36	10,052,504.52
Over 3 years	17,329,732.18	12,498,198.27
3 to 4 years	7,342,184.44	3,904,144.85
4 to 5 years	3,321,963.06	3,106,171.27
Over 5 years	6,665,584.68	5,487,882.15
Total	70,090,444.10	68,379,287.35

3) Disclosure by bad liability provision method

 Applicable Not applicable

Unit: CNY

Classification	Closing balance					Opening balance				
	Book balance		Provision for bad liabilities		Book value	Book balance		Provision for bad liabilities		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Provision for doubtful accounts on an individual basis	168,748.57	0.24%	168,748.57	100.00%	0.00	526,789.71	0.77%	526,789.71	100.00%	0.00
Including:										
Bad liability provision on a portfolio provision basis	69,921,695.53	99.76%	3,437,487.58	4.92%	66,484,207.95	67,852,497.64	99.23%	3,888,304.74	5.73%	63,964,192.90
Including:										
Deposits and guarantees	56,519,620.12	80.64%	2,091,012.35	3.70%	54,428,607.77	54,692,621.75	79.98%	2,526,229.96	4.62%	52,166,391.79

Aging portfolio	13,402,075.41	19.12%	1,346,475.23	10.05%	12,055,600.18	13,159,875.89	19.25%	1,362,074.78	10.35%	11,797,801.11
Total	70,090,444.10	100.00%	3,606,236.15	5.15%	66,484,207.95	68,379,287.35	100.00%	4,415,094.45	6.46%	63,964,192.90

Provision for doubtful accounts on an individual basis: 168,748.57

Unit: CNY

Name	Opening balance		Closing balance			
	Book balance	Provision for bad liabilities	Book balance	Provision for bad liabilities	Proportion	Individually assessed bad liability provision:
Individually assessed accounts receivable with a book balance not exceeding CNY 500,000	526,789.71	526,789.71	168,748.57	168,748.57	100.00%	Expected to be uncollectible
Total	526,789.71	526,789.71	168,748.57	168,748.57		

Bad liability provision on a portfolio provision basis: 3,437,487.58

Unit: CNY

Name	Closing balance		
	Book balance	Provision for bad liabilities	Proportion
Deposits and guarantees	56,519,620.12	2,091,012.35	3.70%
Aging portfolio	13,402,075.41	1,346,475.23	10.05%
Total	69,921,695.53	3,437,487.58	

Explanation for basis of group determination:

None.

Provision for bad liabilities recorded according to the expected credit loss general model:

Unit: CNY

Provision for bad liabilities	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses for the next 12 months	Expected credit losses over the entire existence period (unrealized credit impairment)	Expected credit losses over the entire existence period (realized credit impairment)	
Balance on January 1, 2023	3,888,304.74		526,789.71	4,415,094.45
Balance on January 1, 2023 in in the current period				
Provision for the current period	46,928.11			46,928.11
Reversal in the current period			353,641.14	353,641.14
Write off in the current period	571,747.64		4,400.00	576,147.64

Other changes	74,002.37			74,002.37
Balance on December 31, 2023	3,437,487.58		168,748.57	3,606,236.15

Basis for each stage division and provision ratios for bad liability allowance

None.

Significant changes in book balances with major variations in provision for losses in the current period

Applicable Not applicable

4) Bad liability provisions in the current period

Bad liability provisions for the current period:

Unit: CNY

Classification	Opening balance	Change in current period				Closing balance
		Provision	Recovered or reversed	Write-off or cancellation	Other	
Other receivables for expected credit losses on an individual provision basis	526,789.71		353,641.14	4,400.00		168,748.57
Other receivables for expected credit losses on a portfolio provision basis	3,888,304.74	46,928.11		571,747.64	74,002.37	3,437,487.58
Total	4,415,094.45	46,928.11	353,641.14	576,147.64	74,002.37	3,606,236.15

Significant amount of bad liability provisions reversed or recovered in the current period: None

5) Actual write-offs of other accounts receivable in the current period

Unit: CNY

Item	Write-off amounts
Actual write-offs of other accounts receivable	576,147.64

Significant write-offs of other accounts receivable include: None

6) Top 5 other accounts receivable by debtor at the end of the period

Unit: CNY

Organization name	Item nature	Closing balance	Aging	Proportion of total ending balance of other accounts receivable	Ending balance of provision for bad liabilities
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Shenzhen Dingxin Financial Investment Holdings Co., Ltd.	Deposits and guarantees	1,974,836.00	1-2 years, 2-3 years, more than 3 years	2.82%	1,000.00
Shanghai Haide Control System Co., Ltd.	Deposits and guarantees	1,766,217.85	Within 1 year, 1-2 years, 2-3 years, more than 3 years	2.52%	
Yongfengjin International Leasing Co., Ltd.	Deposits and guarantees	1,500,000.00	1-2 years	2.14%	
Yongfengjin International Leasing Co., Ltd.	Deposits and guarantees	1,247,220.00	Within 1 year	1.78%	
Shanghai Liuming Industry Co., Ltd.	Deposits and guarantees	1,000,800.00	Within 1 year	1.43%	
Total		7,489,073.85		10.69%	1,000.00

7) Reported under other receivables due to centralized fund management

None

9. Prepayments

(1) Prepayments listed by aging

Unit: CNY

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	27,632,068.00	74.45%	23,444,746.59	79.28%
1 to 2 years	3,934,957.34	10.60%	5,735,893.09	19.40%
2 to 3 years	877,231.62	2.36%	359,540.62	1.22%
Over 3 years	4,674,044.85	12.59%	30,178.70	0.10%
Total	37,118,301.81		29,570,359.00	

Explanation for the significant prepayments over 1 year old that have not been settled in a timely manner:

None.

(2) Prepayments for the top 5 prepayment objects as aggregated by ending balance

Organization name	Closing balance	Percentage of total prepayments (%)	Prepayment time	Reasons for unsettled payments
Sichuan Hengshu Biological Technology Co., Ltd.	4,419,900.00	11.91	2020	Business not finished
Beijing Urban Drainage Monitoring Station Co., Ltd.	3,288,980.00	8.86	2023	Business not finished
Shanghai Minghui Construction Development Co., Ltd.	2,217,000.00	5.97	2023	Business not finished
Shenzhen Chengming Decoration Engineering Co., Ltd.	1,102,806.33	2.97	2023	Business not finished
Shanghai Lingyang Technology Co., Ltd.	745,612.19	2.01	2023	Business not finished

Total	11,774,298.52	31.72		
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Other Notes:

10. Inventories

Whether the company is required to comply with disclosure requirements in the real estate industry

No

(1) Types of inventory

Unit: CNY

Item	Closing balance			Opening balance		
	Book balance	Inventory devaluation provisions and contract performance cost impairment provisions	Book value	Book balance	Inventory devaluation provisions and contract performance cost impairment provisions	Book value
Raw materials	67,133,777.02		67,133,777.02	62,588,844.06		62,588,844.06
Goods in share	11,782,446.37		11,782,446.37	4,680,958.01		4,680,958.01
Contract performance costs	19,378,739.64		19,378,739.64	28,875,280.53		28,875,280.53
Goods shipped	325,893.28		325,893.28	1,187,045.16		1,187,045.16
Total	98,620,856.31		98,620,856.31	97,332,127.76		97,332,127.76

11. Assets held for sale

None

12. Non-current assets due within one year

None

13. Other current assets

Unit: CNY

Item	Closing balance	Opening balance
Prepaid corporate income tax	17,978,765.00	19,956,663.16
VAT deductible	94,044,350.69	67,353,788.34
Financial products	377,393,874.49	452,225,447.82
Other	212,916.94	213,440.84
Total	489,629,907.12	539,749,340.16

Other Notes:

None.

14. Liability investments

None

15. Other liability investments

None

16. Investments in other equity instruments

None

17. Long-term receivables

None

18. Long-term equity investments

Unit: CNY

Investee	Opening balance (book value)	Opening balance of impairment provisions	Change in the current period							Closing balance (book value)	Ending balance of impairment provisions	
			Increased investments	Reduced investments	Equity method recognized investment profit or loss	Adjustment for other comprehensive income	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment			Other
I. Joint venture												
II. Jointly controlled entities												
Xi'an Dongyi Comprehensive Technology Laboratory Co., Ltd.	12,070,042.45				22,338.70			2,640,000.00			9,452,381.15	
Shenzhen Huacheng Zhihong Professi	1,527,371.41										1,527,371.41	

onal Technol ogy Partners hip (Limite d Partners hip)											
Liangdu an (Shangh ai) Testing Technol ogy Co., Ltd.	187,009. 26			187,00 9.26							
Shenzh en Huache ng Kangda Investm ent Partners hip (Limite d Partners hip)	5,928.71								- 5,928. 71		
Zhejian g Fangyu an Electric al Equipm ent Testing Co., Ltd.	137,337, 232.59			29,909 ,359.3 9			6,500, 000.00			160,74 6,591. 98	
Shenzh en Dace Junrui Technic al Service Partners hip (Limite d Partners hip)	3,044.92									3,044. 92	
Nanjing	1,113,22				-					1,110,	

CTI Pharmaceutical Technology Service Co., Ltd.	3.97				2,581.93					642.04	
Beijing Guoxin Tianyuan Quality Evaluation Certification Co., Ltd.	14,644,371.65				694,765.96					15,339,137.61	
Shanghai Fushenlan Software Co., Ltd.	76,970,580.27				681,915.18					77,652,495.45	
Beijing Zhuoshi Network Security Technology Co., Ltd.			61,379,910.06		8,604,255.20					69,984,165.26	
Shenzhen Huatou Yichuang No. 1 Enterprise Management Partnership (Limited Partnership)	45,036.54				-0.15					45,036.39	
Shenzhen Huatou Yichuang	45,058.33				-249.37					44,808.96	

ng No. 2 Enterpri se Manage ment Partners hip (Limite d Partners hip)											
Shenzh en Huada Data Professi onal Technol ogy Partners hip (Limite d Partners hip)	199,500. 00									199,50 0.00	
Subtotal	244,148, 400.10		61,379 ,910.0 6	187,00 9.26	39,909 ,802.9 8			9,140, 000.00		- 5,928. 71	336,10 5,175. 17
Total	244,148, 400.10		61,379 ,910.0 6	187,00 9.26	39,909 ,802.9 8			9,140, 000.00		- 5,928. 71	336,10 5,175. 17

The recoverable amount is determined by subtracting disposal costs from fair value

Applicable Not applicable

The recoverable amount is determined by the present value of expected future cash flows

Applicable Not applicable

Reasons for the significant differences between the above information and the information or external factors used in impairment testing in the previous year

None.

Reasons for the significant differences between the information or assumptions used in impairment testing in the previous year and the actual circumstances in the current year

Other Notes:

19. Other non-current financial assets

Unit: CNY

Item	Closing balance	Opening balance
Investments in equity instruments	41,317,524.79	41,285,037.12
Total	41,317,524.79	41,285,037.12

Other Notes:

None.

20. Investment property**(1) Investment properties measured at cost** Applicable Not applicable

Unit: CNY

Item	Buildings structures	and	Land use rights	Construction progress	in	Total
I. Original book value						
1. Opening balance	37,520,910.18					37,520,910.18
2. Increase in the current period						
(1) Acquisitions from external sources						
(2) Transfers from inventory/fixed assets/construction in progress						
(3) Increase due to business combination						
3. Decrease in the current period	20.68					20.68
(1) Disposal						
(2) Other transfers out	20.68					20.68
4. Closing balance	37,520,889.50					37,520,889.50
II. Accumulated depreciation and amortization						
1. Opening balance	5,693,028.89					5,693,028.89
2. Increase in the current period	311,536.59					311,536.59
(1) Provision or amortization	311,536.59					311,536.59
3. Decrease in the current period						

(1) Disposal				
(2) Other transfers out				
4. Closing balance	6,004,565.48			6,004,565.48
III. Provision for impairment				
1. Opening balance				
2. Increase in the current period				
(1) Provision				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfers out				
4. Closing balance				
IV. Book value				
1. Closing book value	31,516,324.02			31,516,324.02
2. Opening book value	31,827,881.29			31,827,881.29

The recoverable amount is determined by subtracting disposal costs from fair value

Applicable Not applicable

The recoverable amount is determined by the present value of expected future cash flows

Applicable Not applicable

Reasons for the significant differences between the above information and the information or external factors used in impairment testing in the previous year

Reasons for the significant differences between the information or assumptions used in impairment testing in the previous year and the actual circumstances in the current year

Other Notes:

(2) Investment Properties measured at fair value

Applicable Not applicable

(3) Conversion to investment properties and measurement at fair value

None

(4) Investment properties without obtained property rights certificates

None

21. Fixed assets

Unit: CNY

Item	Closing balance	Opening balance
Fixed assets	2,424,113,735.05	1,725,607,152.39
Total	2,424,113,735.05	1,725,607,152.39

(1) Fixed assets situation

Unit: CNY

Item	Houses and buildings	Fixed asset renovation	Testing equipment	Office equipment	Transportation equipment	Total
I. Original book value:						
1. Opening 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
2. Increase in the current period	524,005,513.98	7,215,336.73	570,881,044.82	19,589,702.77	4,064,250.55	1,125,755,848.85
(1) Acquisitions	3,296,804.23	0.00	341,693,521.73	13,300,840.36	972,876.43	359,264,042.75
(2) Transfers from construction in progress	500,391,643.89	7,215,336.73	8,516,673.22	86,775.00		516,210,428.84
(3) Increase due to business combination	19,953,481.86		215,899,925.17	5,894,638.69	3,041,520.20	244,789,565.92
(4) Foreign currency translation differences in financial statements	363,584.00		4,770,924.70	307,448.72	49,853.92	5,491,811.34
3. Decrease in the current period	226,772.00		49,929,856.23	5,176,687.11	2,518,747.61	57,852,062.95
(1) Disposal or scrapping	226,772.00		49,929,856.23	5,176,687.11	2,518,747.61	57,852,062.95
4. Closing balance	1,388,057,434.24	133,400,527.56	3,005,506,573.17	92,656,421.15	33,275,508.49	4,652,896,464.61
II.						

Accumulated depreciation						
1. Opening 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
2. Increase in the current period	34,408,785.45	12,637,592.41	355,963,165.45	13,259,848.67	4,129,614.85	420,399,006.83
(1) Provision	26,451,613.52	12,637,592.41	271,006,536.13	9,637,757.86	2,184,382.11	321,917,882.03
(2) Increase due to business combination	7,806,744.88		81,842,129.21	3,362,213.33	1,904,340.77	94,915,428.19
(3) Foreign currency translation differences in financial statements	150,427.05		3,114,500.11	259,877.48	40,891.97	3,565,696.61
3. Decrease in the current period	70,863.94		43,720,027.84	4,784,597.98	2,426,313.83	51,001,803.59
(1) Disposal or scrapping	70,863.94		43,720,027.84	4,784,597.98	2,426,313.83	51,001,803.59
4. Closing balance	116,232,900.36	40,875,226.27	1,983,973,280.57	61,509,196.45	26,192,125.91	2,228,782,729.56
III. Provision for impairment						
1. Opening balance						
2. Increase in the current period						
(1) Provision						
3. Decrease in the current period						
(1) Disposal or scrapping						
4. Closing balance						
IV. Book value						
1. Closing book value	1,271,824,533.88	92,525,301.29	1,021,533,292.60	31,147,224.70	7,083,382.58	2,424,113,735.05
2. Opening	782,383,713.41	97,947,556.97	812,825,241.62	25,209,459.73	7,241,180.66	1,725,607,152.

book value						39
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(2) Temporary idle fixed assets

None

(3) Fixed assets leased out through operating leases

None

(4) Fixed assets without obtained property rights certificates

Unit: CNY

Item	Book value	Reasons for not obtaining property rights certificates:
Building 21, Huilongsen Science and Technology Park, Beijing Economic Development Zone	24,411,393.27	Inability to obtain property rights certificates due to changes in the usage of purchased industrial projects and the influence of the property certificate application policies for industrial land by the Beijing Economic and Technological Development Zone.
Southern Testing Base	146,313,941.53	Currently in process
Northern Base Program Construction	197,980,814.82	Currently in process

Other Notes:

None.

(5) Impairment testing of fixed assets Applicable Not applicable**(6) Liquidation of fixed assets**

None

22. Construction in progress

Unit: CNY

Item	Closing balance	Opening balance
Construction in progress	213,857,614.03	468,579,870.53
Total	213,857,614.03	468,579,870.53

(1) Construction in progress

Unit: CNY

Item	Closing balance	Opening balance
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	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Establishment of China Headquarters and South China Testing Base	7,222,666.32		7,222,666.32			
Equipment Installation	56,915,043.15		56,915,043.15	13,290,240.41		13,290,240.41
Software Installation	1,196,676.47		1,196,676.47	2,291,478.10		2,291,478.10
Information System Construction (Phase II)	302,264.15		302,264.15	359,811.32		359,811.32
Office and Laboratory Renovation	6,731,235.61		6,731,235.61	18,923,087.79		18,923,087.79
Kunshan Biology (Suzhou) Phase II	133,569,603.85		133,569,603.85	58,660,327.80		58,660,327.80
Northern Testing Base	4,285,025.68		4,285,025.68	157,681,157.35		157,681,157.35
Southern Testing Base	2,987,718.15		2,987,718.15	46,572,996.52		46,572,996.52
Central China Testing Base				29,938,831.85		29,938,831.85
Qingdao Testing Base	24,905.66		24,905.66	140,861,939.39		140,861,939.39
Other	622,474.99		622,474.99			
Total	213,857,614.03		213,857,614.03	468,579,870.53		468,579,870.53

(2) Changes in significant construction in progress projects in the current period

Unit: CNY

Program name	Budget amount	Opening balance	Increase in the current period	Amount transferred to fixed assets in the current period	Other decrease amount in the current period	Closing balance	Cumulative investment as a percentage of budget	Program progress	Accumulated amount of capitalized interest	Including: Capitalized interest amount in the current period	Capitalization rate in the current period	Source of funds
Northern Testing Base	196,680,000.00	157,681,157.35	48,814,178.84	202,210,310.51		4,285,025.68		Note 1				Other
Southern	119,900,000.	46,572,996.5	9,121,819.45	52,707,097.8		2,987,718.15		Note 1				Other

Testing Base	00	2		2							
Central China Testing Base	153,060,000.00	29,938,831.85	963,302.76	30,902,134.61			Note 1				Other
Qingdao Testing Base	216,000,000.00	140,861,939.39	41,236,921.05	182,073,954.78		24,905.66	Note 1				Other
Kunshan Biology (Suzhou) Phase II	195,530,000.00	58,660,327.80	85,568,998.05	10,659,722.00		133,569,603.85	Note 1				Other
Total	881,170,000.00	433,715,252.91	185,705,220.15	478,553,219.72		140,867,253.34					

(3) Provision for impairment of construction in progress in the current period

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Reasons for provision
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Other Notes:

Note 1: Progress of significant construction in progress projects as follows

Program name	Budget amount (in CNY)	Investment as a percentage of budget (%)	Program progress (%)	Accumulated amount of capitalized interest	Including: Capitalized interest amount in the current period	Capitalization rate in the current period (%)	Source of funds
Northern Testing Base - Infrastructure	124,208,178.00	130.21	100.00				Raised and own funds
Northern Testing Base - Renovation	72,471,822.00	62.45	61.58				Raised and own funds
Southern Testing Base - Infrastructure	85,291,276.00	166.00	100.00				Raised and own funds
Southern Testing Base - Renovation	34,608,724.00	200.44	88.59				Raised and own funds

Central China Testing Base - Infrastructure	.00	125,690,620	64.01	100.00				Raised and own funds
Central China Testing Base - Renovation	00	27,369,380.	81.60	52.40				Raised and own funds
Qingdao Testing Base - Infrastructure	.00	123,600,000	101.30	100.00				Raised and own funds
Qingdao Testing Base - Renovation	00	92,400,000.	61.88	68.52				Raised and own funds
Kunshan Biology (Suzhou) Phase II - Infrastructure	.00	195,530,000	73.82	100.00				Private capital
Total	.00	881,170,000						

(4) Impairment testing of construction in progress

Applicable Not applicable

(5) Engineering materials

Unit: CNY

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

Other Notes:

23. Productive biological assets

(1) Productive biological assets measured at cost

Applicable Not applicable

(2) Impairment testing of productive biological assets measured at cost

Applicable Not applicable

(3) Productive biological assets measured at fair value

Applicable Not applicable

24. Oil and gas assets□ Applicable Not applicable**25. Right-of-use assets****(1) Situation of right-of-use assets**

Unit: CNY

Item	Lease of buildings	Lease equipment	of	Lease of vehicles	Lease of land	Total
I. Original book value						
1. Opening balance	438,703,093.09	8,107,923.91		724,032.51	1,217,208.04	448,752,257.55
2. Increase in the current period	160,662,595.33	1,534,229.34		159,012.36	2,162,406.16	164,518,243.19
(1) Lease	150,671,156.32	1,181,152.61				151,852,308.93
(2) Non-controlling interest entity combination	8,209,348.07			145,037.19	2,124,092.13	10,478,477.39
(3) Foreign currency translation differences in financial statements	1,782,090.94	353,076.73		13,975.17	38,314.03	2,187,456.87
3. Decrease in the current period	72,385,694.94	1,434,779.14		495,886.50	1,217,208.04	75,533,568.62
(1) Lease expires	72,385,694.94	1,434,779.14		495,886.50	1,217,208.04	75,533,568.62
4. Closing balance	526,979,993.48	8,207,374.11		387,158.37	2,162,406.16	537,736,932.12
II. Accumulated depreciation						
1. Opening balance	137,047,030.97	3,929,632.31		552,426.44	142,010.47	141,671,100.19
2. Increase in the current period	103,799,838.83	1,582,602.81		185,581.24	419,485.17	105,987,508.05
(1) Provision	101,609,150.71	1,437,825.36		174,168.19	164,226.87	103,385,371.13
(2) Non-controlling interest entity combination	1,648,694.15				249,760.88	1,898,455.03
(3) Foreign currency translation differences in financial statements	541,993.97	144,777.45		11,413.05	5,497.42	703,681.89
3. Decrease in the current period	53,275,314.30	1,388,446.40		350,849.31	243,446.52	55,258,056.53

(1) Disposal					
(2) Lease expires	53,275,314.30	1,388,446.40	350,849.31	243,446.52	55,258,056.53
4. Closing balance	187,571,555.50	4,123,788.72	387,158.37	318,049.12	192,400,551.71
III. Provision for impairment					
1. Opening balance					
2. Increase in the current period					
(1) Provision					
3. Decrease in the current period					
(1) Disposal					
4. Closing balance					
IV. Book value					
1. Closing book value	339,408,437.98	4,083,585.39	0.00	1,844,357.04	345,336,380.41
2. Opening book value	301,656,062.12	4,178,291.60	171,606.07	1,075,197.57	307,081,157.36

(2) Impairment testing of right-of-use assets

Applicable Not applicable

Other Notes:

None.

26. Intangible assets

(1) Intangible assets

Unit: CNY

Item	Land use rights	Patent rights	Non-patent technologies	Software	Trademark rights	Talent housing sublease rights	Total
I. Original book value							
1. Opening balance	140,668,009.63	1,724,648.60		71,055,399.27	196,228.51	11,769,793.00	225,414,079.01
2. Increase in	20,066,665.19	110,457.97		11,847,043.86	9,534.92		32,033,701.94

the current period							
(1) Acquisitions	20,066,665.19	13,700.00		7,117,273.65			27,197,638.84
(2) Internal development							
(3) Increase due to business combination		61,623.76		2,147,743.06	8,966.04		2,218,332.86
(4) Transfers from construction in progress		34,300.00		2,365,938.81			2,400,238.81
(5) Increase due to other reasons		834.21		216,088.34	568.88		217,491.43
3. Decrease in the current period				1,644,009.07			1,644,009.07
(1) Disposal				1,644,009.07			1,644,009.07
4. Closing balance	160,734,674.82	1,835,106.57		81,258,434.06	205,763.43	11,769,793.00	255,803,771.88
II. Accumulated amortization							
1. Opening balance	21,388,761.41	400,071.25		59,362,278.84	196,228.51		81,347,340.01
2. Increase in the current period	2,871,705.89	379,980.34		6,923,104.53	7,442.78		10,182,233.54
(1) Provision	2,871,705.89	348,508.41		5,362,896.11	1,643.84		8,584,754.25
(2) Increase due to business combination		30,894.70		1,349,615.60	5,230.06		1,385,740.36
(3) Increase due to other reasons		577.23		210,592.82	568.88		211,738.93
3. Decrease in the current period				1,319,500.80			1,319,500.80
(1) Disposal				1,319,500.80			1,319,500.80
4.	24,260,467.3	780,051.59		64,965,882.5	203,671.29		90,210,072.7

Closing balance	0			7			5
III. Provision for impairment							
1. Opening balance							
2. Increase in the current period							
(1) Provision							
3. Decrease in the current period							
(1) Disposal							
4. Closing balance							
IV. Book value							
1. Closing book value	136,474,207.52	1,055,054.98		16,292,551.49	2,092.14	11,769,793.00	165,593,699.13
2. Opening book value	119,279,248.22	1,324,577.35		11,693,120.43		11,769,793.00	144,066,739.00

The proportion of intangible assets formed through internal development at the end of the period is 0.00% of the total intangible asset balance.

(2) Land use rights without obtained property rights certificates

None.

(3) Impairment testing of intangible assets

Applicable Not applicable

27. Goodwill

(1) Book value of goodwill

Unit: CNY

Name	of	Opening	Increase in the current period	Decrease in the current period	Closing balance
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investee or matters forming goodwill	balance	Formed through business combination		Disposal		
Shenzhen CTI Commodity Inspection Co., Ltd.	1,350,689.56					1,350,689.56
Centre Testing International Certification Co., Ltd.	14,439,605.45					14,439,605.45
Suzhou CTI Anping Technology Services 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 Physicochemical 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 TNLINK 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 Ship	8,266,652.33					8,266,652.33

Service Co., Ltd.						
Jiangyin CTI Zhi'an Outpatient Department Co., Ltd.	7,325,389.95					7,325,389.95
Ningbo Weizhi Testing Technology Services Co., Ltd.	27,892,342.26					27,892,342.26
Beijing CTI Food and Agricultural Certification Services Co., Ltd.	2,517,865.38					2,517,865.38
CTI Electronic Certification Co., Ltd.	39,885,576.12					39,885,576.12
Fujian Shangwei Testing Co., Ltd.	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
CTI Ecological Environment Technology (Tianjin) Co., Ltd.	12,891,815.10					12,891,815.10
Haotu Enterprise Management	26,244,810.08					26,244,810.08

Consulting (Shanghai) Co., Ltd.						
IMAT-UVE GMBH	120,772,523.10					120,772,523.10
Jilin Anxin Food Technology Services Co., Ltd.	5,728,087.01					5,728,087.01
CTI (Nantong) Automotive Technology Services Co., Ltd.	18,461,648.53					18,461,648.53
Shaanxi Huabang Testing Service Co., Ltd.		11,906,227.64				11,906,227.64
CTI VESP Testing Technology Co., Ltd.		115,095,289.43				115,095,289.43
Xipai Technology (Nanjing) Co., Ltd.		4,231,696.44				4,231,696.44
Guangzhou Vectoring Pharmatech Co., Ltd.		17,784,899.25				17,784,899.25
Guangdong Neway Quality Technology Service Co., Ltd.		20,128,344.52				20,128,344.52
CTI Fengxue Testing Technology Co., Ltd.		22,727,011.11				22,727,011.11
Total	697,725,331.31	191,873,468.39				889,598,799.70

(2) Provision for impairment of goodwill

Unit: CNY

Name of investee or matters forming goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Provision		Disposal		
Shenzhen CTI Commodity Inspection Co., Ltd.	1,350,689.56					1,350,689.56
Suzhou CTI	1,438,062.22					1,438,062.22

Anping Technology Services Co., Ltd.						
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 TNLINK 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 Ship Service Co., Ltd.	8,266,652.33					8,266,652.33
Hebei CTI Junrui Testing Technology Co., Ltd.	100.00					100.00
Fujian Shangwei Testing Co., Ltd.	3,707,868.38					3,707,868.38
Total	84,405,780.45					84,405,780.45

(3) Relevant information of assets group or grouping containing goodwill

Other descriptions

(1) In December 2010, the Company acquired 81.00% equity of Centre Testing International Certification Co., Ltd. (hereinafter referred to as "CTI Certification") for a transaction price of CNY 17.10 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 14.4396 million, recognized as goodwill related to CTI Certification.

(2) In December 2014, the Company issued shares and paid cash to acquire 100.00% equity of Hangzhou Hua'an Testing Technology Co., Ltd. (hereinafter referred to as "Hangzhou Hua'an") for a transaction price of CNY 180 million. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 76.02 million, recognized as goodwill related to Hangzhou Hua'an.

(3) In May 2014, the Company completed the acquisition of 100.00% equity of Heilongjiang CTI Testing Technology Co., Ltd. (hereinafter referred to as "Heilongjiang CTI") for a total transaction price of CNY 13 million. The excess of the acquisition

cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 9.905 million, recognized as goodwill related to Heilongjiang CTI.

(4) In April 2014, the Company acquired 100.00% equity of Dalian Huaxin Physicochemical Testing Center Co., Ltd. (hereinafter referred to as “Dalian Huaxin”) for a transaction price of CNY 8.11 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 4.4414 million, recognized as goodwill related to Dalian Huaxin.

(5) In June 2014, CTI Holdings (Hong Kong) Co., Ltd. acquired 70.00% equity of POLY NDT (PRIVATE) LIMITED for a transaction price of 3.5142 million Singapore dollars (in addition to this amount, all other amounts listed are in CNY). The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 12.5714 million, recognized as goodwill related to POLY NDT (PRIVATE) LIMITED.

(6) In July 2015, the Company acquired 100.00% equity of Henan CTI Testing Technology Co., Ltd. (hereinafter referred to as “Henan CTI”) for a transaction price of CNY 5.5 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 2.6779 million, recognized as goodwill related to Henan CTI.

(7) In December 2015, the Company acquired 65.00% equity of CTI Engineering Testing Co., Ltd. (hereinafter referred to as “CTI Engineering”) for a transaction price of CNY 7.8 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 6.0008 million, recognized as goodwill related to CTI Engineering.

(8) In April 2016, the Company acquired 66.67% equity of Jiangyin CTI Zhi’an Outpatient Department Co., Ltd. (hereinafter referred to as “Jiangyin Zhi’an”) for a transaction price of CNY 10 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 7.3254 million, recognized as goodwill related to Jiangyin Zhi’an.

(9) In April 2016, the Company acquired 100.00% equity of Ningbo Weizhi Testing Technology Services Co., Ltd. (hereinafter referred to as “Ningbo Weizhi”) for a transaction price of CNY 43.8675 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 27.8923 million, recognized as goodwill related to Ningbo Weizhi.

(10) In July 2016, the Company acquired 100.00% equity of Beijing CTI Food and Agricultural Certification Services Co., Ltd. (hereinafter referred to as “Beijing CTI Food and Agricultural”) for a transaction price of CNY 3.1852 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 2.5179 million, recognized as goodwill related to Beijing CTI Food and Agricultural.

(11) In August 2016, the Company acquired 71.26% equity of CTI Electronic Certification Co., Ltd. (hereinafter referred to as “CTI Electronic”) for a transaction price of CNY 71 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 39.8856 million, recognized as goodwill related to CTI Electronic.

(12) In October 2016, the Company acquired 51.00% equity of Fujian Shangwei Testing Co., Ltd. (hereinafter referred to as “Fujian Shangwei”) for a transaction price of CNY 11.73 million in cash. The excess of the acquisition cost over the fair value of

identifiable net assets acquired on a pro rata basis amounted to CNY 9.2677 million, recognized as goodwill related to Fujian Shangwei.

(13) In February 2017, the Company acquired 68.00% equity of Sichuan CTI Jianxin Testing Technology Co., Ltd. (hereinafter referred to as “Sichuan Jianxin”) for a transaction price of CNY 9.18 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 5.8303 million, recognized as goodwill related to Sichuan Jianxin.

(14) In December 2018, Jiangyin CTI Zhi’an Outpatient Department Co., Ltd. acquired 100.00% equity of Suzhou Wuzhong Economic Development Zone Jiakang Outpatient Department Co., Ltd. (hereinafter referred to as “Suzhou Jiakang”) for a transaction price of CNY 5 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 3.9703 million, recognized as goodwill related to Suzhou Jiakang.

(15) In August 2019, the Company acquired 51.00% equity of Zhejiang CTI Yuanjian Testing Co., Ltd. (hereinafter referred to as “Zhejiang Yuanjian”) for a transaction price of CNY 9.6148 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 4.6399 million, recognized as goodwill related to Zhejiang Yuanjian.

(16) In June 2020, CTI Holdings (Hong Kong) Co., Ltd. acquired 100.00% equity of MARITEC PTE. LTD. for a transaction price of CNY 287.9493 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 266.6730 million, recognized as goodwill related to MARITEC PTE. LTD.

(17) In September 2020, the Company acquired 51.00% equity of CTI Ecological Environment Technology (Tianjin) Co., Ltd. (hereinafter referred to as “Tianjin Eco-City”) for a transaction price of CNY 34.96 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 12.8918 million, recognized as goodwill related to Tianjin Eco-City.

(18) In January 2021, the Company acquired 40.00% equity of Haotu Enterprise Management Consulting (Shanghai) Co., Ltd. (hereinafter referred to as “Haotu Consulting”) for a transaction price of CNY 19.2 million in cash. After the acquisition, the Company cumulatively held 60% equity of Haotu Enterprise Management Consulting (Shanghai) Co., Ltd., which became a subsidiary controlled by the Company. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 26.2448 million, recognized as goodwill related to Haotu Consulting.

(19) In December 2021, CTI Germany Holding GmbH & Co. KG acquired 90.00% equity of IMAT-UVE GMBH (hereinafter referred to as “German Imat”) for a transaction price of CNY 144.9043 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 120.7725 million, recognized as goodwill related to IMAT-UVE GMBH.

(20) In January 2022, the Company acquired 70.00% equity of Jilin Anxin Food Technology Services Co., Ltd. (hereinafter referred to as “Jilin Anxin”) for a transaction price of CNY 7.1343 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 5.7281 million, recognized as goodwill related to Jilin Anxin.

(21) In May 2022, the Company acquired 100.00% equity of CTI (Nantong) Automotive Technology Services Co., Ltd., Ltd. (hereinafter referred to as “CTI Nantong”) for a transaction price of CNY 36.9 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 18.4616 million, recognized as goodwill related to CTI Nantong.

(22) In January 2023, the Company acquired 70.00% equity of Shaanxi Huabang Testing Service Co., Ltd. (hereinafter referred to as “Shaanxi Huabang”) for a transaction price of CNY 25.3539 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 11.9062 million, recognized as goodwill related to Shaanxi Huabang.

(23) In January 2023, the Company acquired 100.00% equity of CTI-VESP Technology Corp. (hereinafter referred to as “VESP”) for a transaction price of CNY 161.57 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 115.0953 million, recognized as goodwill related to VESP.

(24) In February 2023, the Company acquired 100.00% equity of Xipai Technology (Nanjing) Co., Ltd. (hereinafter referred to as “Xipai Technology”) for a transaction price of CNY 9.2995 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 4.2317 million, recognized as goodwill related to Xipai Technology.

(25) In February 2023, the subsidiary Shanghai Pinchuang acquired 100.00% equity of Guangzhou Vectoring Pharmatech, LTD (hereinafter referred to as “Guangzhou Vectoring Pharmatech”) for a transaction price of CNY 29.00 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 17.7849 million, recognized as goodwill related to Guangzhou Vectoring Pharmatech.

(26) In June 2023, the subsidiary Shanghai Pinchuang acquired 83.12% equity of Guangdong Neway Quality Technology Service Co., Ltd. (hereinafter referred to as “CTI Neway”) for a transaction price of CNY 20.0004 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 20.1283 million, recognized as goodwill related to CTI Neway.

(27) In August 2023, the Company acquired 51.96% equity of CTI Fengxue Testing Technology Co., Ltd. (hereinafter referred to as “CTI Fengxue”) for a transaction price of CNY 28.08 million in cash. The excess of the acquisition cost over the fair value of identifiable net assets acquired on a pro rata basis amounted to CNY 22.7270 million, recognized as goodwill related to CTI Fengxue.

(4) Specific determination method of recoverable amount

The recoverable amount is determined by subtracting disposal costs from fair value

Applicable Not applicable

The recoverable amount is determined by the present value of expected future cash flows

Applicable Not applicable

Reasons for the significant differences between the above information and the information or external factors used in impairment testing in the previous year

Reasons for the significant differences between the information or assumptions used in impairment testing in the previous year and the actual circumstances in the current year

(5) Completion of performance commitments and corresponding impairment of goodwill

There is a performance commitment when goodwill is formed and the reporting period or the previous period of the reporting period is within the performance commitment period

Applicable Not applicable

Other Notes:

1. Goodwill impairment testing process, key parameters and recognition method of goodwill impairment loss

(1) For the purpose of goodwill impairment test, the Company evaluate the recoverable amount of the asset group related to the goodwill formed by the acquisition of CTI Certification at the end of 2023. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group related to the goodwill formed by the acquisition of CTI Certification included the asset groups consisting of operating tangible assets and intangible assets of all main businesses (excluding non-operating assets and liabilities), and the book value of the asset group including overall goodwill was CNY 68.3733 million. Upon assessment with the income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of CTI Certification, was CNY 218.2329 million; and the consolidated goodwill attributable to the parent company has not been impaired.

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
CTI Certification	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are 0.45%, 1.00%, 1.02%, 1.02%, and 1.02% respectively	60.85%	11.65%

(2) For the purpose of goodwill impairment test, the Company evaluated the recoverable amount of the asset group related to the goodwill formed by the acquisition of Hangzhou Hua'an at the end of 2023. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group related to the goodwill formed by the acquisition of Hangzhou Hua'an included the asset groups consisting of operating tangible assets and intangible assets of all main businesses (excluding non-operating assets and liabilities), and the book value of the asset group including overall goodwill was CNY 109.6499 million. Upon assessment with the income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of Hangzhou Hua'an, was CNY 49.0516 million, and the goodwill was impaired by CNY 60.5983 million; the consolidated goodwill attributable to the parent company was impaired by CNY 60.5983 million. As of December 31, 2023, the Company has made impairment provisions of CNY 61.13 million for the goodwill related to Hangzhou Hua'an. Therefore, no further goodwill impairment provisions will be made for this reporting period.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
Hangzhou Hua'an	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively 2.78%, 6.85%, 6.08%, 5.06%, 5.06%	19.87%	13.87%

(3) For the purpose of goodwill impairment test, the Company evaluated the recoverable amount of the asset group related to the goodwill formed by the acquisition of Heilongjiang CTI at the end of 2023. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group related to the goodwill formed by the acquisition of Heilongjiang CTI included the asset groups consisting of operating tangible assets and intangible assets of all main businesses (excluding non-operating assets and liabilities), and the book value of the asset group including overall goodwill was CNY 22.1519 million. Upon assessment with the income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of Heilongjiang CTI, was CNY 317.332 million; and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
Heilongjiang CTI	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively 2.46%, 7.67%, 6.70%, 4.47%, 3.04%	48.05%	11.16%

(4) For the purpose of goodwill impairment test, the Company will value the recoverable amount of the goodwill-related asset group formed by the acquisition of Dalian Huaxin at the end of 2023. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group related to the goodwill formed by the acquisition of Dalian CTI included the asset group consisting of operating tangible assets and intangible assets of all main businesses (excluding non-operating assets and liabilities), and the book value of the asset group including the overall goodwill was CNY 32.7258 million. Upon evaluation with income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of Dalian CTI, was CNY 54.1300 million, and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
Dalian Huaxin	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively 1.11%, 0.43%, 0.19%, 4.40%, 6.02%	45.87%	11.65%

(5) For the purpose of goodwill impairment test, the Company evaluated the recoverable amount of the asset group related to the goodwill formed by the acquisition of POLY NDT (PRIVATE) LIMITED at the end of 2023. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group 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 businesses (excluding non-operating assets and liabilities), and the book value of the asset group including the overall goodwill was CNY 73.7336 million. Upon evaluation with income approach, the recoverable amount of the asset group on December 31, 2022, the assessment base date of POLY NDT (PRIVATE) LIMITED, was CNY 84.3774 million, and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
POLY NDT (PRIVATE) LIMITED	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively -34.39%, 10.20%, 10.19%,	41.67%	11.30%

		5.00%, 2.96%		
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(6) For the purpose of goodwill impairment test, the Company evaluated the recoverable amount of the asset group related to the goodwill formed by the acquisition of Henan CTI at the end of 2023. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group related to the goodwill formed by the acquisition of Henan CTI includes the asset groups consisting of operating tangible assets and intangible assets of all main businesses (excluding non-operating assets and liabilities), and the book value of the asset group including overall goodwill was CNY 41.4896 million. Upon assessment with the income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of Henan CTI, was CNY 366.9386 million; and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
Henan CTI	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively 8.38%, 0.79%, 0.79%, 0.78%, 0.00%	60.44%	11.65%

(7) For the purpose of goodwill impairment test, the Company evaluated the recoverable amount of the asset group related to the goodwill formed by the acquisition of CTI Engineering at the end of 2023. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group 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 businesses (excluding non-operating assets and liabilities), and the book value of the asset group including overall goodwill was CNY 67.1832 million. Upon assessment with the income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of CTI Engineering, was CNY 80.5595 million, and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
CTI Engineering	The forecast period is from 2024 to 2028, followed by a stable period	The projected income growth rates are -10.12%, 8.33%, 7.69%, 7.14%, and 6.67% respectively.	32.09%	11.65%

(8) For the purpose of goodwill impairment test, the Company evaluated the recoverable amount of the asset group related to the goodwill formed by the acquisition of Jiangyin CTI Occupational Security at the end of 2023. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group related to the goodwill formed by the acquisition of Jiangyin CTI Occupational Security included the asset group consisting of operating tangible assets and intangible assets of all main businesses (excluding non-operating assets and liabilities), and the book value of the asset group including the overall goodwill was CNY 13.7045 million. Upon assessment with the income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of Jiangyin CTI Occupational Security, was CNY 20.9186 million, and the amount the consolidation level attributable to the goodwill of parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
Jiangyin CTI Occupational Security	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively -3.9%, 3.23%, 3.13%, 3.03%, 2.94%	46.15%	14.27%

(9) For the purpose of goodwill impairment test testing, the Company evaluated the recoverable amount of the asset group related to the goodwill formed by the acquisition of Ningbo Weizhi at the end of 2023. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group related to the goodwill formed by the acquisition of Ningbo Weizhi included the asset group consisting of operating tangible assets and intangible assets of all main businesses (excluding non-operating assets and liabilities), and the book value of the asset group including the overall goodwill was CNY 30.3382 million.

Upon assessment with the income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of Ningbo Weizhi, was CNY 31.0399 million, and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
Ningbo Weizhi	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively 1.00%, 9.13%, 8.94%, 1.70%, 2.00%	57.57%	13.73%

(10) For the purpose of goodwill impairment test, the Company evaluated the recoverable amount of the asset group related to the goodwill formed by the acquisition of Beijing CTI Agro-food Certification at the end of 2023. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group related to the goodwill formed by the acquisition of Beijing CTI Agro-food Certification included the asset group consisting of operating tangible assets and intangible assets of all main businesses (excluding non-operating assets and liabilities), and the book value of the asset group including the overall goodwill was CNY 6.8693 million. Upon evaluation with income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of Beijing CTI Agro-food Certification, was CNY 18.0614 million, and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
Beijing CTI Agro-food Certification	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively 5.00%, 5.00%, 5.00%, 5.00%, 5.00%	23.96%	12.61%

(11) For the purpose of goodwill impairment test, the Company evaluated the recoverable amount of the asset group related to the goodwill formed by the acquisition of CTI Electronics at the end of 2023. Upon the determination of evaluation of the

recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group related to the goodwill formed by the acquisition of CTI Electronics included the asset group consisting of operating tangible assets and intangible assets of all main businesses (excluding non-operating assets and liabilities), and the book value of the asset group including the overall goodwill was CNY 58.273 million. Upon evaluation with income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of CTI Electronics, was CNY 175.1993 million, and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
CTI Electronics	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively -8.28%, 3.42%, 3.31%, 3.20%, 0.00%	75.39%	9.76%

(12) For the purpose of goodwill impairment test, the Company employed Beijing Zhonglin Assets Appraisal Co., Ltd. to evaluate the recoverable amount of the asset group related to the goodwill formed by the acquisition of Fujian Shangwei, and issued the ZLPZ [2024] No. 97 Asset Assessment Report. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group related to the goodwill formed by the acquisition of Fujian Shangwei included the asset group consisting of operating tangible assets and intangible assets of all main businesses (excluding non-operating assets and liabilities), and the book value of the asset group including the overall goodwill was CNY 18.3982 million. Upon evaluation with income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of Fujian Shangwei, was CNY 12.1552 million, the goodwill was impaired by CNY 6.243 million, and the goodwill at the consolidation level attributable to the parent company was impaired by CNY 3.1839 million. As of December 31, 2023, the Company has made impairment provisions of CNY 3.7079 million for goodwill related to Fujian Shangwei. Therefore, no further goodwill impairment provisions will be made for this reporting period.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
Fujian Shangwei	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively 15.96%, 20.44%, 12.30%, 9.65%, 7.67%	26.02%	12.81%

(13) For the purpose of goodwill impairment test, the Company evaluated the recoverable amount of the asset group related to the goodwill formed by the acquisition of Sichuan Jianxin at the end of 2023. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group 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 businesses (excluding non-operating assets and liabilities), and the book value of the asset group including the overall goodwill was CNY 41.7939 million. Upon evaluation with income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of Sichuan Jianxin's evaluation, was CNY 42.8349 million, and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
Sichuan Jianxin	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively 3.00%, 3.00%, 3.00%, 3.00%, 4.14%	32.36%	11.76%

(14) For the purpose of goodwill impairment test, the Company evaluated the recoverable amount of the asset group related to the goodwill formed by the acquisition of Suzhou Jiakang at the end of 2023. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group 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 businesses (excluding non-operating assets and liabilities), and the book value of the asset group including the overall goodwill was CNY 5.9821 million. Upon evaluation with income approach, the recoverable amount of the asset group of Suzhou Jiakang on December 31, 2023, the assessment base date of assessment, was CNY 7.4725 million, and the goodwill at the consolidation level attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
Suzhou Jiakang	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively 1.78%, 0.00%, 4.55%, 4.35%, 0.00%	54.73%	14.27%

(15) For the purpose of goodwill impairment test, the Company evaluated the recoverable amount of the asset group related to the goodwill formed by the acquisition of Zhejiang Yuanjian at the end of 2023. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group 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 businesses (excluding non-operating assets and liabilities), and the book value of the asset group including the overall goodwill was CNY 20.3192 million. Upon evaluation with income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of Zhejiang Yuanjian, was CNY 22.0595 million, and the goodwill at the consolidation level attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
Zhejiang Yuanjian	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively 14.53%, 17.07%, 12.50%, 7.41%, 6.90%	42.32%	13.20%

(16) For the purpose of goodwill impairment test, the Company employed Beijing Zhonglin Assets Appraisal Co., Ltd. to evaluate the recoverable amount of the asset group related to the goodwill formed by the acquisition of MARITEC PTE. LTD., and issued the ZLPZ [2024] No. 96 Asset Assessment Report. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group 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 businesses (excluding non-operating assets and liabilities), and the book value of the asset group including overall goodwill was CNY 284.9038 million. Upon evaluation with income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of MARITEC PTE. LTD., was CNY 296.8991 million, and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
MARITEC PTE. LTD.	The forecast period is from 2024 to 2028, followed by a stable period	Estimated income growth rates are 3.05%, 5.34%, 4.95%, 3.34%, and 2.51% respectively.	48.21%	11.30%

(17) For the purpose of goodwill impairment test, the Company employed Beijing Zhonglin Assets Appraisal Co., Ltd. to evaluate the recoverable amount of the asset group related to the goodwill formed by the acquisition of Tianjin Eco-City, and issued the ZLPZ [2024] No. 86 Asset Assessment Report. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group 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 businesses (excluding non-operating assets and liabilities), and the book value of the asset group including the overall goodwill was CNY 26.8664 million. Upon evaluation with income approach, the recoverable amount of the asset group on December 31, 2023, the base date for Tianjin Eco-city, was CNY 28.7455 million, and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
Tianjin Eco-City	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively 18.57%, 38.46%, 33.33%, 25.00%, 6.67%	35.22%	13.55%

(18) For the purpose of goodwill impairment test, the Company employed Beijing Zhonglin Assets Appraisal Co., Ltd. to evaluate the recoverable amount of the asset group related to the goodwill formed by the acquisition of Haotu Consulting, and issued the ZLPZ [2024] No. 77 Asset Assessment Report. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group related to the goodwill formed by the acquisition of Haotu Consulting included the asset group consisting of operating tangible assets and intangible assets of all main businesses (excluding non-operating assets and liabilities), and the book value of the asset group including the overall goodwill was CNY 63.4413 million. Upon evaluation with income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of Haotu Consulting, was CNY 67.6722 million, and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
Haotu Consulting	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively 15.26%, 10.00%, 7.50%, 5.00%, 2.50%	33.99%	11.99%

(19) For the purpose of goodwill impairment test, the Company employed Beijing Zhonglin Assets Appraisal Co., Ltd. to evaluate the recoverable amount of the asset group related to the goodwill formed by the acquisition of German Imat, and issued the ZLPZ [2024] No. 98 Asset Assessment Report. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group related to the goodwill formed by the acquisition of German Imat included the asset group consisting of operating tangible assets and intangible assets of all main businesses (excluding non-operating assets and liabilities), and the book value of the asset group including overall goodwill was CNY 225.3339 million. Upon evaluation with income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of the German Imat, was CNY 231.5705 million, and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
German Imat	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively 11.83%, 11.95%, 6.85%, 5.12%, 4.38%	48.02%	10.71%

(20) For the purpose of goodwill impairment test, the Company evaluated the recoverable amount of the asset group related to the goodwill formed by the acquisition of Jilin Anxin at the end of 2023. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group 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 businesses (excluding non-operating assets and liabilities), and the book value of the asset group including the overall goodwill was CNY 9.1587 million. Upon evaluation with income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of Jilin Anxin, was CNY 10.4278 million, and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
Jilin Anxin	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively 8.37%, 8.24%, 5.80%, 12.33%, 12.87%	32.62%	12.00%

(21) For the purpose of goodwill impairment test, the Company evaluated the recoverable amount of the asset group related to the goodwill formed by the acquisition of CTI Nantong at the end of 2023. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group 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 businesses (excluding non-operating assets and liabilities), and the book value of the asset group including the overall goodwill was CNY 32.9952 million. Upon evaluation with income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of CTI Nantong, was CNY 33.4963 million, and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
CTI Nantong	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively 60.30%, 16.35%, 15.00%, 16.25%, 17.74%	12.90%	13.20%

(22) For the purpose of goodwill impairment test, the Company evaluated the recoverable amount of the asset group related to the goodwill formed by the acquisition of Shaanxi Huabang at the end of 2023. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group related to the goodwill formed by the acquisition of Shaanxi Huabang included the asset group consisting of operating tangible assets and intangible assets of all main businesses (excluding non-operating assets and liabilities), and the book value of the asset group including the overall goodwill was CNY 32.6453 million. Upon evaluation with income approach, the recoverable amount of the asset group of Shaanxi Huabang on December 31, 2023, the assessment base date of Shaanxi Huabang, was CNY 33.2688 million, and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
Shaanxi Huabang	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively 4.14%, 0.99%, 0.30%, 0.30%, 3.50%	54.86%	13.20%

(23) For the purpose of goodwill impairment test, the Company evaluated the recoverable amount of the asset group related to the goodwill formed by the acquisition of CTI VESP at the end of 2023. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group related to the goodwill formed by the acquisition of CTI VESP included the asset group consisting of operating tangible assets and intangible assets of all main businesses (excluding non-operating assets

and liabilities), and the book value of the asset group including the overall goodwill was CNY 213.0214 million. Upon evaluation with income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of CTI VESP, was CNY 252.6334 million, and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
CTI VESP	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively 10.90%, 20.00%, 20.00%, 20.00%, 10.00%	21.78%	10.80%

(24) For the purpose of goodwill impairment test, the Company evaluated the recoverable amount of the asset group related to the goodwill formed by the acquisition of Xipai Technology at the end of 2023. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group related to the goodwill formed by the acquisition of Xipai Technology included the asset group consisting of operating tangible assets and intangible assets of all main businesses (excluding non-operating assets and liabilities), and the book value of the asset group including the overall goodwill was CNY 13.344 million. Upon evaluation with income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of Xipai Technology, was CNY 13.3440 million, and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
Xipai Technology	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively 0.76%, 127.27%, 30.00%, 25.00%, 20.00%	17.27%	13.20%

(25) For the purpose of goodwill impairment test, the Company evaluated the recoverable amount of the asset group related to the goodwill formed by the acquisition of Guangzhou Vectoring Pharmatech at the end of 2023. Upon the determination of

evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group related to the goodwill formed by the acquisition of Guangzhou Vectoring Pharmatech included the asset group consisting of operating tangible assets and intangible assets of all main businesses (excluding non-operating assets and liabilities), and the book value of the asset group including the overall goodwill was CNY 32.9082 million. The recoverable amount of the asset group on December 31, 2023, the assessment base date of Guangzhou Vectoring Pharmatech, was CNY 35.996 million, and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
Guangzhou Vectoring Pharmatech	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively 21.15%, 10.24%, 10.22%, 10.20%, 10.18%	47.96%	9.41%

(26) For the purpose of goodwill impairment test, the Company evaluated the recoverable amount of the asset group related to the goodwill formed by the acquisition of CTI NEWAY at the end of 2023. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group related to the goodwill formed by the acquisition of CTI Neway included the asset group consisting of operating tangible assets and intangible assets of all main businesses (excluding non-operating assets and liabilities), and the book value of the asset group including the overall goodwill was CNY 25.7578 million. After with income approach to evaluate, the recoverable amount of the asset group on December 31, 2023, the assessment base date of CTI Neway, was CNY 27.1106 million, and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
CTI	The forecast period is from	The expected income growth rates are	46.45%	11.65%

Newway	2024 to 2028, followed by a stable period	respectively 107.25%, 61.02%, 36.84%, 28.85%, 21.49%		
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(27) For the purpose of goodwill impairment test, the Company evaluated the recoverable amount of the asset group related to the goodwill formed by the acquisition of CTI Fengxue at the end of 2023. Upon the determination of evaluation of the recoverable amount, the Company allocated the goodwill to the asset group from the acquisition date, and then compare the book value of the asset group (including goodwill) with its recoverable amount, to determine whether the asset group (including goodwill) was impaired.

As of December 31, 2023, the scope of asset group related to the goodwill formed by the acquisition of CTI Fengxue included the asset group consisting of operating tangible assets and intangible assets of all main businesses (excluding non-operating assets and liabilities), and the book value of the asset group including the overall goodwill was CNY 54.9872 million. After evaluation with income approach, the recoverable amount of the asset group on December 31, 2023, the assessment base date of CTI Fengxue's assessment, was CNY 59.6313 million, and the consolidated goodwill attributable to the parent company has not been impaired.

The approach, key assumptions and basis for calculating the recoverable amount of the above asset groups are as follows:

1) Present value of estimated future cash flows

The Company's management forecast the present values of future cash flows on the basis of the forecast of future cash flows; the key assumptions used in forecasting future cash flows and their basis are as follows:

Item	Forecast period	Income growth rate during the forecast period	Average gross profit margin during the forecast period	(Pre-tax) Discount rate
CTI Fengxue	The forecast period is from 2024 to 2028, followed by a stable period	The expected income growth rates are respectively 6.68%, 12.50%, 10.48%, 10.43%, 10.39%	84.73%	11.06%

28. Long-term unamortized expenses

Unit: CNY

Item	Opening balance	Increase in the current period	Amortization amount for the current period	Other reduction amounts	Closing balance
Office decoration	107,659,940.71	67,460,515.02	44,265,629.60	7,974,453.09	122,880,373.04
Simple facilities	50,889.37	111,485.29	19,182.97	0.00	143,191.69
Other	11,519,888.95	6,438,129.15	5,537,897.09	359,909.36	12,060,211.65
Total	119,230,719.03	74,010,129.46	49,822,709.66	8,334,362.45	135,083,776.38

Other Notes:

None.

29. Deferred tax assets/deferred tax liabilities**(1) Non-offset deferred income tax assets**

Unit: CNY

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provisions for assets impairment	228,143,767.85	33,941,593.00	168,965,103.53	22,946,952.35
Deductible losses	402,061,731.00	61,256,048.18	217,586,409.05	36,553,159.78
Equity-settled share-based payment			161,126.95	24,169.04
Deferred income	79,086,470.69	16,002,346.09	88,680,807.23	17,949,655.14
Impact from accounting estimate of fixed assets	3,964,131.04	934,636.17	4,924,385.79	978,760.58
Changes in fair value	484,000.00	72,600.00	484,000.00	72,600.00
Accrued liabilities	30,000.00	1,500.00		
Lease liabilities	391,858,817.93	59,813,465.64	330,656,327.35	52,840,377.04
Others	758,506.05	151,701.19		
Total	1,106,387,424.56	172,173,890.27	811,458,159.90	131,365,673.93

(2) Non-offset deferred income tax liabilities

Unit: CNY

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Impact from accounting estimate of fixed assets	2,361,059.48	417,441.95	1,742,364.10	312,625.51
Lump-sum pre-tax deduction for fixed assets	553,412,499.95	83,362,176.90	497,226,411.24	73,623,436.83
Changes in fair value	18,732,457.17	2,809,868.58	5,493,794.67	885,959.20
Right-of-use assets	377,120,475.36	57,809,789.50	318,785,953.33	51,389,358.90
Other	192,871.90	38,574.39		
Total	951,819,363.86	144,437,851.32	823,248,523.34	126,211,380.44

(3) Deferred income tax assets or liabilities presented with offset net amount

Unit: CNY

Item	Closing mutual-offset amount of deferred income tax assets and liabilities	Closing balance of offset deferred income tax assets or liabilities	Opening mutual-offset amount of deferred income tax assets and liabilities	Opening balance of offset deferred income tax assets or liabilities
Deferred tax assets		172,173,890.27		131,365,673.93
Deferred tax liabilities		144,437,851.32		126,211,380.44

(4) Details of unrecognized deferred income tax assets

Unit: CNY

Item	Closing balance	Opening balance
Deductible temporary differences	5,015,934.35	16,874,557.57
Deductible losses	236,618,052.30	107,122,338.58
Deferred income	269,170.00	
Total	241,903,156.65	123,996,896.15

(5) Deductible losses of unrecognized deferred income tax assets will be due in the following years

Unit: CNY

Year	Closing amount	Opening amount	Remark
2023		8,322,796.83	
2024	4,524,269.95	10,580,037.91	
2025	18,957,211.72	14,760,176.83	
2026	36,794,889.24	21,703,030.51	
2027	63,224,226.65	39,953,469.97	
2028	27,445,647.53	610,859.34	
2029	4,418,665.10	2,718,335.33	
2030	1,275,515.74	1,275,515.74	
2031	24,093,640.66	2,350,100.92	
2032	22,927,815.05	2,011,934.53	
2033	18,318,947.94		
No deadline	14,637,222.72	2,836,080.67	
Total	236,618,052.30	107,122,338.58	

Other Notes:

None.

30. Other non-current assets

Unit: CNY

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment deposit	21,164,400.00		21,164,400.00	3,040,000.00		3,040,000.00
Prepayment for equipment and projects	23,847,485.97		23,847,485.97	41,480,584.35		41,480,584.35
Government subsidies for equipment (Note 1)	3,447,285.59		3,447,285.59	5,088,121.79		5,088,121.79
Shanghai public rental housing program	69,221,512.86		69,221,512.86	67,411,970.12		67,411,970.12

Investment funds	28,999,040.00		28,999,040.00			
Others	1,662,733.00		1,662,733.00	1,662,733.00		1,662,733.00
Total	148,342,457.42		148,342,457.42	118,683,409.26		118,683,409.26

Other Notes:

Note 1: In 2010, CTI Group reached an investment intention agreement with Kunshan Hi-tech Industrial Park Management Committee (Kunshan Hi-tech Zone), to invest in the construction of Suzhou Biotechnology (pre-clinical CRO research base) in Kunshan Hi-tech Zone. A supplementary agreement was signed on June 5, 2012. Kunshan Hi-tech Zone committed that its subsidiary Jiangsu Kunshan Hi-tech Industrial Investment Development Co., Ltd. would contribute a cumulative investment of CNY 500,000 in accordance with the prescribed amount within 4 years from 2012 to purchase the instruments and equipment listed in the platform's procurement list.

Later, Jiangsu Kunshan Hi-tech Industrial Investment Development Co., Ltd. signed an "Entrusted Operation and Management Agreement" with Suzhou Biotech, stipulating that it would gradually invest no less than CNY 50 million in equipment for Suzhou Biotech to use for free, with a use period from January 10, 2013 to 2033. January 9th, 20 years in total. The ownership of the equipment belongs to Kunshan Hi-tech Industrial Investment and Development Co., Ltd. Suzhou Biotechnology has successively received input equipment from 2013 to 2016.

31. Assets with restricted ownership or use rights

Unit: CNY

Item	Closing				Opening			
	Book balance	Book value	Restriction type	Restriction situation	Book balance	Book value	Restriction type	Restriction situation
Monetary funds	25,705,810.84	25,705,810.84	Guarantee, freeze	Bid bond, performance bond, advance payment guarantee, letter of credit bond, quality bond, others	26,900,637.94	26,900,637.94	Guarantee, freeze	Bid bond, performance bond, time deposits or call deposits for security purposes, advance payment guarantees
Total	25,705,810.84	25,705,810.84			26,900,637.94	26,900,637.94		

Other Notes:

None.

32. Short-term loans

(1) Classification of short-term loans

Unit: CNY

Item	Closing balance	Opening balance
Guaranteed loan	2,590,000.00	
Credit loan	5,000,000.00	2,000,000.00
Undue interests payable	14,012.07	2,750.00
Total	7,604,012.07	2,002,750.00

Notes for classification of short-term loans:

None.

(2) Overdue outstanding short-term loans

None.

33. Trading financial liabilities

Unit: CNY

Item	Closing balance	Opening balance
Including:		
Financial liabilities designated to measure at fair value through profit or loss.	1,900,000.00	1,900,000.00
Including:		
Total	1,900,000.00	1,900,000.00

Other Notes:

None.

34. Derivative financial liabilities

Unit: CNY

Item	Closing balance	Opening balance

Other Notes:

35. Notes payable

Unit: CNY

Type	Closing balance	Opening balance
Banker's acceptance notes	51,023.62	50,119.58
Total	51,023.62	50,119.58

The total amount of notes payable due and unpaid at the end of in the current period is CNY 0.00, and the cause for nonpayment is 0.

36. Accounts payable**(1) Presentation of accounts payable**

Unit: CNY

Item	Closing balance	Opening balance
Payment for materials	158,251,774.75	151,657,973.66
Payment for projects	135,357,327.13	122,559,610.46
Payment for equipment	149,041,665.02	90,303,386.23
Service fees	236,219,644.27	227,892,994.70
Other	204,526,079.93	156,118,202.53
Total	883,396,491.10	748,532,167.58

(2) Major accounts payable aged more than 1 year or overdue

Unit: CNY

Item	Closing balance	Causes for non-repayment or carryover
Guangdong Xudong Construction Engineering Co., Ltd.	19,161,593.98	The settlement time has not yet reached
Total	19,161,593.98	

Other Notes:

None.

37. Other accounts payable

Unit: CNY

Item	Closing balance	Opening balance
Dividends payable	31,042.91	31,042.91
Other payables	179,489,210.71	151,714,520.60
Total	179,520,253.62	151,745,563.51

(1) Interests payable

None.

(2) Dividends payable

Unit: CNY

Item	Closing balance	Opening balance
Common share dividends	31,042.91	31,042.91
Total	31,042.91	31,042.91

Other descriptions, including those for major dividends payable unpaid for more than one year and the causes disclosable for non-payment:

None.

(3) Other payables**1) Other payables presented by the nature of payment**

Unit: CNY

Item	Closing balance	Opening balance
Deposits and guarantees	21,300,973.61	12,878,904.73
Temporary receipts	37,351,786.45	59,811,337.43
Equity investments payable	15,953,670.10	4,192,333.15
Other	104,882,780.55	74,831,945.29
Total	179,489,210.71	151,714,520.60

2) Major other payables aged more than 1 year or overdue

None

3) Other payables collected by counterparties with closing balances ranking the top 5 places

None.

38. Contract liabilities

Unit: CNY

Item	Closing balance	Opening balance
Prepaid service fees	100,783,735.43	122,541,039.40
Advances from clients	18,401.86	6,416,950.01
Total	100,802,137.29	128,957,989.41

39. Salaries payable**(1) Presentation of salaries payable**

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term salaries	454,905,515.51	2,238,431,020.34	2,227,053,594.87	466,282,940.98
II. Post-employment benefits--defined contribution plan	3,699,658.40	132,246,082.09	131,355,325.54	4,590,414.95
3. Dismissal benefits	1,265,358.08	6,575,374.17	6,585,283.74	1,255,448.51
Total	459,870,531.99	2,377,252,476.60	2,364,994,204.15	472,128,804.44

(2) Presentation of short-term payroll

Unit: CNY

Item	Opening balance	Increase in the current	Decrease in the current	Closing balance
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		period	period	
1. Salaries, bonuses, allowances and subsidies	442,894,024.78	2,032,045,941.20	2,019,383,924.50	455,556,041.48
2. Employee welfare fees	1,026,232.98	43,565,622.09	43,634,774.64	957,080.43
3. Social insurance premium	4,338,741.90	73,669,088.18	74,798,470.95	3,209,359.13
Including:				
Medical insurance premium	3,230,295.90	60,213,785.88	61,533,451.90	1,910,629.88
Work-related injury insurance premium	39,887.41	2,020,558.94	2,014,122.79	46,323.56
Maternity insurance premium	4,640.85	2,127,139.74	2,126,525.38	5,255.21
Other	1,063,917.74	9,307,603.62	9,124,370.88	1,247,150.48
4. Housing provident fund	3,088,291.25	73,024,928.50	72,642,325.30	3,470,894.45
5. Trade union funds and employee education funds	3,558,224.60	16,125,440.37	16,594,099.48	3,089,565.49
Total	454,905,515.51	2,238,431,020.34	2,227,053,594.87	466,282,940.98

(3) Presentation of defined contribution plan

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic endowment insurance	3,621,807.88	128,300,478.02	127,418,249.20	4,504,036.70
2. Unemployment insurance premiums	77,850.52	3,945,604.07	3,937,076.34	86,378.25
Total	3,699,658.40	132,246,082.09	131,355,325.54	4,590,414.95

Other Notes:

None.

40. Taxes payable

Unit: CNY

Item	Closing balance	Opening balance
Value-added tax ("VAT")	26,807,204.24	28,792,265.68
Corporate income tax	37,830,587.40	43,888,808.15
Personal income tax	5,410,201.32	5,122,074.71
Urban maintenance and construction tax	1,209,668.31	1,354,694.91

Property tax	5,116,988.16	4,227,836.29
Educational surcharge	550,235.63	611,576.32
Stamp duty	786,060.53	742,278.50
Local educational surcharge	366,735.51	422,013.83
Land use tax	152,279.08	164,343.59
Others	173,512.09	338,569.06
Total	78,403,472.27	85,664,461.04

Other Notes:

None.

41. Held-for-sale liabilities

None.

42. Non-current liabilities due within one year

Unit: CNY

Item	Closing balance	Opening balance
Long-term loans due within one year	3,687,460.57	36,688,521.84
Long-term payables due within one year	4,079,352.00	
Lease liabilities due within one year	100,038,760.21	88,939,203.97
Total	107,805,572.78	125,627,725.81

Other Notes:

None.

43. Other current liabilities

Unit: CNY

Item	Closing balance	Opening balance
VAT output taxes to be written off (taxes in contract liabilities)	2,557,798.16	2,252,644.71
Total	2,557,798.16	2,252,644.71

Changes in short-term bonds payable:

None.

44. Long-term loans

(1) Classification of long-term loans

Unit: CNY

Item	Closing balance	Opening balance
Mortgage loan	6,633,465.36	1,807,521.16
Guaranteed loan	4,347,776.54	38,987,412.50

Less: Long-term loans due within one year	-3,687,460.57	-36,688,521.84
Total	7,293,781.33	4,106,411.82

Description for classification of long-term loans:

None.

Other descriptions, including interest rate ranges:

45. Bonds payable

None

46. Lease liabilities

Unit: CNY

Item	Closing balance	Opening balance
Within 1 year	112,697,910.59	97,182,870.21
1-2 years	100,199,243.95	77,390,360.91
2-3 years	70,174,933.43	71,414,273.64
3-4 years	42,873,271.26	49,606,481.61
4-5 years	22,224,611.60	23,572,627.57
Over 5 years	48,110,305.32	30,448,678.02
Unrecognized financing charges	-36,233,964.47	-31,308,710.71
Lease liabilities due within one year	-100,038,760.21	-88,939,203.97
Total	260,007,551.47	229,367,377.28

Other Notes:

The lease liabilities interest expense recognized in in the current period was CNY 14,129,520.63.

47. Long-term payables

None.

48. Long-term salaries payable

None.

49. Estimated liabilities

Unit: CNY

Item	Closing balance	Opening balance	Causes
Other	30,000.00		
Estimated property taxes and late fees	4,623,507.93	3,946,190.57	CTI Group Beijing Co., Ltd. (CTI Beijing) has not yet completed the property ownership certificate and withheld corresponding

			property tax and late payment fees.
Total	4,653,507.93	3,946,190.57	

Other descriptions, including major assumptions and estimation instructions related to major estimated liabilities:

None.

50. Deferred income

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Causes
Asset-related government subsidies	82,226,297.72	5,389,233.38	14,118,981.00	73,496,550.10	See Table 1 for details
Income-related government subsidies	6,454,509.51	500,000.00	1,095,418.92	5,859,090.59	See Table 1 for details
Total	88,680,807.23	5,889,233.38	15,214,399.92	79,355,640.69	

Other Notes:

1. Deferred income related to government subsidies

Subsidized program	Opening balance	New subsidy amount for in the current period	A amount of non-operating income included in current period	Amount of other income included in current period	A amount of offset costs and expenses for the current period	A d d: Other changes	Closing balance	Asset related/income related
					(Note 1)			
2012 Shenzhen public service platform for testing of electronic information materials: CNY 4.5 million	302,735.09			272,820.52			29,914.57	Assets-related
Technology Shares South China Testing Base Program: CNY 15.78 million	13,954,701.40			353,283.60			13,601,417.80	Assets-related
Shenzhen Municipal Development	2,002,193.82			399,038.32			1,603,155.50	Assets-related

and Reform Commission's approval for the funding application report for Shenzhen public service platform program of home service robot detection technology: CNY 4 million									
Development of testing methods for the separation effect of mechanical pollutant purification systems	4	497,583.8			249,650.02		2	247,933.8	Assets-related
Research on the selection and determination methods of core elements of technical standards	3	124,701.6			-		3	124,701.6	Income-related
Research on key technical standards such as emergency stop devices and two-hand operating devices in 2017		982.91			-			982.91	Income-related
2018 Industrial development program	0	210,104.9			210,104.90				Assets-related
Special funds for agricultural development in 2017	97	1,477,513.			134,492.18			1,343,021.79	Assets-related
R&D and application of integrated inspection and testing service platform for emerging industries--		37,369.26			-			37,369.26	Income-related

Topic 1								
R&D and application of integrated inspection and testing service platform for emerging industries-- Topic 5	55,953.86			10,126.77			45,827.09	Income-related
2015 provincial-level special fund for innovation capacity building (first batch)	45,810.01			45,810.01			-	Assets-related
2015 Program fund for special fund support for Suzhou municipal industrial economy upgrading	25,701.75			7,246.31			18,455.44	Assets-related
2015 municipal guidance funds for service industry development	1,286,585.40			36,585.36			1,250,000.04	Assets-related
2016 municipal special funds for development of service industry in the hi-tech zone: 2.407 million.	455,703.04			325,216.16			130,486.88	Assets-related
2018 Ningbo subsidies for the construction of public service platform for small and micro enterprises	168,108.92			168,108.92			-	Assets-related
Demonstration program of comprehensive testing service platform	83,702.27			83,702.27			-	Assets-related

Enterprise support, science and technology reward funds	69	3,262,519.			84,013.40			.29	3,178,506	Assets-related
Right to use government equipment	79	5,088,121.			1,640,836.	20		.59	3,447,285	Assets-related
2019 Suzhou 9th batch of science and technology development plan (policy subsidies for scientific and technological innovation) projects		43,226.97			38,060.10				5,166.87	Assets-related
2018 policy awards for high-quality development of scientific and technological innovation in Xiangcheng District (R&D institution construction/technology contract awards/innovation-supporting carrier construction, etc.)	9	194,521.3			171,270.85				23,250.54	Assets-related
2019 second-half-year Nanjing certification declaration subsidies for headquarters enterprises and headquarters building: CNY 1 million	3	733,333.3			100,000.00			3	633,333.3	Income-related
2020 Bao'an District supporting awards for science and technology projects (research on	0	170,000.0			-			0	170,000.0	Income-related

key technical standards such as emergency stop devices and two-hand operating devices)									
2020 Bao'an District supporting awards for science and technology program (R&D and applications of integrated inspection and testing service platform for emerging industries)	8	673,337.6			320,338.01		7	352,999.6	Income-related
Government subsidies for Nanjing Economic and Technological Development Zone for promoting the development of inspection and testing/certification and accreditation industry: CNY 2.024 million	33	1,501,133.			202,400.00		.33	1,298,733	Income-related
Liaoning subsidies for construction of coastal economic zone		64,604.74			64,604.74			-	Assets-related
Special subsidies for technological transformation	0.51	47,350.34			64	5,625,755.	4.87	41,724,58	Assets-related
The 6th batch of industrial support funds in 2020: CNY 284,100	7	118,945.3			76,354.96			42,590.41	Assets-related
Investment subsidies for circular economy	8	281,800.2			150,000.00		8	131,800.2	Assets-related

projects								
Start-up subsidies	0	700,000.0			100,000.00			0 600,000.0 Income-related
Lump-sum funding for construction of postdoctoral site	8	146,051.2			39,999.96			2 106,051.3 Income-related
Supporting funding for the construction of Bao'an District Postdoctoral Workstation (Innovation Practice Base)	9	191,666.7			99,999.96			91,666.83 Assets-related
2021 Bao'an District supporting awards for science and technology projects (research on key technical standards such as emergency stop devices and two-hand operating devices)		10,000.00			-			10,000.00 Income-related
2021 Bao'an District supporting awards for science and technology program (R&D and applications of integrated inspection and testing service platform for emerging industries)	0	288,963.0			-			0 288,963.0 Income-related
2021 industrial support funds		81,886.07			32,785.44			49,100.63 Assets-related
The first batch of funding projects of the 2021 Fashion Industry High-Quality	8	501,990.8			406,120.64			95,870.24 Assets-related

Development Support Plan								
Daily management expenses of the site/station construction unit (combining first/second phases in 2021)	0	250,000.0			11,299.28		2	238,700.7 Income-related
2021 Bao'an District supporting award projects for the construction of national/provincial/municipal innovation platforms	0	220,086.9			220,086.90		-	Assets-related
The first batch of funding projects of Guchengbao's 2022 new generation information-technology industry support plan	8	515,098.1			417,645.79		97,452.39	Assets-related
Special funds for agricultural development in 2021	17	1,742,933.			291,504.84		.33	1,451,428 Income-related
Funds for CTI's food safety science popularization program in the community		19,750.06			19,750.06		-	Income-related
2022 hi-tech zone 11th batch of policy funds for promoting regional economic stability and quality improvement		80,151.40			23,382.92		56,768.48	Assets-related
Special funds for foreign trade and economic	35	3,720,892.	1,735,738 .20		481,994.11		.44	4,974,636 Assets-related

development								
2021 key R&D plan support funds	-	1,017,000.00		1,017,000.00			-	Assets-related
Special funds for agricultural development in 2022	-	489,695.18		236,686.11			253,009.07	Assets-related
2023 Ningbo hi-tech zone 9th batch of policy funds for promoting regional economic stability and quality improvement	-	271,800.00		36,623.35			235,176.65	Assets-related
Projects funded by the 2023 green and low carbon support plan	-	1,875,000.00		1,009,701.32			865,298.68	Assets-related
Program funds for Kunshan mass entrepreneurship and innovation talent team plan	-	500,000.00		-			500,000.00	Income-related
Total	88,680,807.23	5,889,233.38	-	15,214,399.92	-	-	79,355,640.69	

Note 1: Descriptions of the projects with an increase of more than CNY 1 million at the opening of the period and current period:

(1) In accordance with relevant provisions of “Dalian Key Science and Technology R&D Plan Management Measures (Trial)” (DKF [2021] No. 174), Dalian Huaxin Physical and Chemical Testing Center Co., Ltd. received a special fund subsidiary of CNY 1,017,000.00 for foreign economic and trade development on January 20, 2023, with CNY 1,017,000.00 carried forward to other income for in the current period.

(2) In accordance with the “Circular of Guangdong Provincial Department of Commerce on Issuing Application Guidelines for 2023 Central Foreign Economic and Trade Development Special Fund (Matters on Innovative Development of Service Trade and Matters on Improvement of Public Service System in the Field of Service Trade)” (Y.S.W.F.H [2023] No. 36) and “Circular of Guangdong Provincial Department of Commerce on 2023 Central Foreign Economic and Trade Development Special Funds (Matters on Innovative Development of Service Trade and Matters on Improvement of Public Service System in the Field of Service Trade) Plan” (Y.S.W.F.H. [2023] No. 173), Guangzhou CTI Testing Certification Technology Co., Ltd. received a special fund subsidy of CNY 1,735,738.20 for foreign economic and trade development on September 21, 2023, with CNY 481,994.11 carried forward to other income for in the current period.

(3) In accordance with the “Circular on Forwarding and Issuing 2020 (First Batch) Central Government Budget Investment Plan for Special Technological Transformation Projects” from the Economic Development Department of Qingdao Hi-tech Industrial Development Zone Management Committee, a subsidy fund of CNY 49,050,000.00 allocated by the Qingdao Hi-tech Industrial Development Zone Management Committee was received on September 14, 2020. This amount was used for the technical transformation of the base program, with CNY 5,625,755.64 included into other income for current period.

(4) In accordance with the “Circular on Issuing 2014 Central Government Budget Investment Plan for Industrial Transformation and Upgrading Projects (the First Batch of Industrial Revitalization and Technological Transformation)” jointly issued by Shenzhen Municipal Development and Reform Commission and Shenzhen Municipal Economic, Trade and Information Technology Commission (S.F.G. [2014] No. 859), Centre Testing International Group Co., Ltd. (CTI) received grants of CNY 11,000,000.00 and CNY 4,780,000.00 from Shenzhen Municipal Finance Commission on December 23, 2014 and November 16, 2016. These grants were used for the civil engineering of the South China Testing Base and was carried forward to current profit and loss in installments when the assets began to be used, with CNY 353,283.60 included into other income for current period.

(5) In accordance with the document of Shenzhen Municipal Development and Reform Commission (S.F.G.W. [2015] No. 963), Shenzhen Municipal Development and Reform Commission’s reply on the report for fund application for the Program of Public Service Platform of Shenzhen Home Service Robot Detection Technology; the document from Shenzhen Municipal Development and Reform Committee, Shenzhen Municipal Economic, Trade and Information Technology Commission, Shenzhen Municipal Science and Technology Innovation Commission, Shenzhen Municipal Finance Commission (S.F.G. [2015] No. 863), the circular of Shenzhen Municipal Development and Reform Commission, Shenzhen Municipal Economic and Trade and Information Technology Commission, Shenzhen Municipal Science and Technology Innovation Commission and Shenzhen Municipal Finance Commission on issuing a support plan for Shenzhen’s strategic emerging industries and future industry development special funds for the first half of 2015 (the first, second and third batches), Centre Testing International Group Co., Ltd. (CTI Group) received a grant of CNY 4,000,000.00 on October 29, 2015 from the Shenzhen Municipal Finance Bureau, and received a grant of CNY 2,000,000.00 on October 31, 2016 from Shenzhen Bao’an District Finance Bureau. These grants were earmarked for the purpose of procuring instruments and equipment, improving existing process equipment and testing conditions, purchasing necessary technologies and software, etc. They were carried forward to current profit and loss in installments when the assets began to be used, with CNY 399,038.32 included into other income for current period.

(6) In accordance with Shenzhen Municipal Market and Quality Supervision and Administration Commission’s “Circular of Shenzhen Municipal Market and Quality Supervision and Administration Commission on Announcement of 2017 Funding Plan of Agricultural Development Special Fund for Agricultural Product Quality and Safety Testing Program” (S.S.Z.T.G. [2018] No. 55), Centre Testing International Group Co., Ltd. (CTI Group) received a special fund subsidiary of CNY 2,000,000.00 for agricultural development in 2017 allocated by Shenzhen Municipal Market and Quality Supervision and Administration Commission on November 30, 2018. This subsidy was used to purchase equipment and transferred to the current profit and loss in installments when the assets begin to be used, with CNY 134,492.18 carried forward to other income for in the current period.

(7) In accordance with relevant provisions of “Management Measures of Shenzhen Municipal Agricultural Development Special Fund” (S.J.M.X.X.G. [2018] No. 2) and Operating Procedures for Funding of Shenzhen Agricultural Development Special Fund (S.S.J.G. [2019] No. 8), upon deliberation and approval at the Party Group Meeting of Shenzhen Administration for Market Regulation, Centre Testing International Group Co., Ltd. (CTI Group) received a special fund subsidy of CNY 2,414,000.00 for foreign trade and economic development on September 2022, with CNY 291,504.84 carried forward to other income for in the current period.

(8) In accordance with the “Operating Procedures for Funding of Special Fund Support Plan for the Development of Strategic Emerging Industries of Shenzhen Municipal Bureau of Industry and Information Technology” (S.G.X.G. [2019] No. 2) and “Application Guide for 2023 Green and Low-carbon Industry Support Plan of the Municipal Bureau of Industry and Information Technology”, CTI Testing Certification Group Co., Ltd. received a subsidy payment of CNY 1,875,000.00 from Shenzhen Municipal Bureau of Industry and Information Technology on October 27, 2023, for the 2023 Green and Low-carbon Support Plan program. This subsidy was used for CTI New Energy Vehicle and Parts Quality Technology Center Program and was carried forward to current profits and losses when the assets began to be used, with CNY 1,009,701.32 carried forward to other income for in the current period.

(9) In accordance with the notification from Nanjing Economic and Technological Development Zone Management Committee regarding the issuance of the “Support Measures for Promoting the Development of Inspection, Testing, Certification, and Accreditation Industries in Nanjing Economic and Technological Development Zone” (N.K.W.K.Z. [2015] No. 183), on June 22, 2020, CTI Testing Certification Group received a government subsidy of CNY 2,024,000.00 from Nanjing Economic and Technological Development Zone Management Committee, with CNY 202,400.00 included into other income for current period.

(10) In accordance with the documents from Kunshan Hi-tech Zone Investment Promotion and Service Management Bureau (G.S.Q. [2012] No. 179, and the minutes of the 2nd Joint Meeting on Science and Technology Innovation of the Hi-tech Zone), the subsidiary Suzhou CTI Biotechnology received subsidies of CNY 1 million, CNY 1 million, and CNY 1.8 million, respectively for the construction of Kunshan GLP program base from Kunshan Hi-tech Zone Investment Promotion and Service Management Bureau in 2015, 2016, and 2017. These subsidies were used for the construction of Kunshan GLP base program and carried forward to current profits and losses when the assets began to be used, with CNY 84,013.40 carried forward to other incomes for in the current period.

(11) In 2010, CTI Testing Certification Group reached an investment intention agreement with Kunshan Hi-tech Industrial Park Management Committee, to invest in Suzhou Biotechnology Company (Pre-clinical CRO Research Base) in Kunshan Hi-tech Zone. A supplementary agreement was signed on June 5, 2012. Kunshan Hi-tech Zone committed that its subsidiary Jiangsu Kunshan Hi-tech Industrial Investment Development Co., Ltd. would contribute a cumulative investment of CNY 50 million in accordance with the prescribed amount within 4 years from 2012 to purchase the instruments and equipment listed in the platform’s procurement list. Later, Jiangsu Kunshan Hi-tech Industrial Investment Development Co., Ltd. signed an “Entrusted Operation and Management Agreement” with Suzhou Biotech, stipulating that it would gradually invest no less than CNY 50 million in equipment for Suzhou Biotech to use for free, with a use period from January 10, 2013 to 2033. January 9th, 20 years in total. The ownership of the equipment belongs to Kunshan Hi-tech Industrial Investment and Development Co., Ltd. Suzhou Biotechnology received successively equipment investments totaling CNY 49,775,842.00 between 2013 and 2016, with CNY 1,640,836.20 carried forward to other incomes for in the current period.

(12) In accordance with the document of Suzhou Xiangcheng District Development and Reform Bureau and Suzhou Xiangcheng District Finance Bureau, “Circular on Allocation of Municipal Service Industry Development Guidance Fund for Suzhou CTI 2015” (X.F.G.F (2017) No. 1, X.C.Q. (2017) No.7), the subsidiary Suzhou CTI received a special fund of CNY 1,500,000.00 from Weitang Town Financial Office of Xiangcheng District on March 17, 2017. This subsidy was used for the construction of the enterprise laboratory base and was carried forward to current profits and losses from the date of depreciation of the assets, with CNY 36,585.36 carried forward to other income for in the current period.

51. Other non-current liabilities

None.

52. Share capital

Unit: CNY

	Opening balance	Increases or decreases (+, -) this time					Closing balance
		New share issuance	Share dividend	Conversion of provident fund shares	Other	Subtotal	
Total number of shares	1,682,748,214.00				80,000.00	80,000.00	1,682,828,214.00

Other Notes:

The share options in in the current period were exercised, increasing the capital share by 80,000.00 shares.

53. Other equity instruments

None.

54. Capital reserves

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (equity premium)	370,064,158.73	806,326.95	1,070,223.16	369,800,262.52
Other capital reserves	57,456,104.98	132,228.46	161,126.95	57,427,206.49
Total	427,520,263.71	938,555.41	1,231,350.11	427,227,469.01

Other descriptions, including increases and decreases in current period and explanations of causes for changes:

Capital reserve -- changes in capital premium (equity premium): (1) The exercise of share options in in the current period increased the capital reserve -- share premium by CNY 645,200.00; (2) The exercise of equity-settled share-based payment in in the current period carried forward the capital reserve recognized during the waiting period -- other capital reserves of CNY 161,126.95 in equity premium. (3) The impact of changes in the investment shareholding ratio of subsidiaries -- CNY 1,070,223.16.

Capital reserve -- changes in other capital reserves: (1) During the exercise of share options in in the current period, for the portion that the amount deductible by tax law exceeds the book share-based payment that should be included in expenses, its impact on income tax expenses of CNY 132,228.46 were included in the capital reserve. (2) Equity-settled share-based payment was exercised in in the current period, and the capital reserve recognized during the waiting period -- other capital reserve of CNY 161,126.95 was carried forward to the equity premium.

55. Treasury shares

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Equity incentive buybacks	35,491,855.22	83,803,862.08		119,295,717.30
Total	35,491,855.22	83,803,862.08		119,295,717.30

Other descriptions, including increases and decreases in current period and explanations of causes for changes:

56. Other comprehensive income

Unit: CNY

Item	Opening balance	Amount incurred in the current period						Closing balance
		Amount before income tax for in the current period	Less: Profits and losses carried forward to current period from other comprehensive income included in the previous period.	Less: Retained earnings in current period carried forward to current period from other comprehensive income included in the previous period.	Less: Income tax expense	Attributable to parent company after tax	Attributable to minority shareholders after tax	
II. Other comprehensive income to be reclassified into profits and losses	15,144,072.85	4,433,074.05				4,433,074.05		19,577,146.90
Translation differences of foreign currency financial statements	15,144,072.85	4,433,074.05				4,433,074.05		19,577,146.90
Total other comprehensive income	15,144,072.85	4,433,074.05				4,433,074.05		19,577,146.90

Other descriptions, including adjustments to the initial recognized amount of the effective portion of cash flow hedging gains and

losses converted into hedged items:

None.

57. Special reserves

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
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Other descriptions, including increases and decreases in current period and explanations of causes for changes:

58. Surplus reserve

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	274,202,045.17	75,838,394.11		350,040,439.28
Total	274,202,045.17	75,838,394.11		350,040,439.28

Description of surplus reserve, including changes in increases and decreases in in the current period and description for causes of changes:

None.

59. Undistributed profits

Unit: CNY

Item	This period	Previous period
Closing undistributed profits of previous period before adjustments	3,109,941,135.25	2,362,107,773.22
Total opening undistributed profits before adjustment (increase +, decrease -)	1,451,018.14	
Opening undistributed profits after adjustment	3,111,392,153.39	2,362,107,773.22
Add: Net profit attributable to owners of the parent company for in the current period	910,203,484.57	902,731,908.18
Less: Appropriation of statutory surplus reserve	75,838,394.11	54,062,053.31
Dividends payable on ordinary share	100,789,692.84	100,836,492.84
Closing undistributed profit	3,844,967,551.01	3,109,941,135.25

Statement of opening undistributed profits before adjustment:

1) Due to the retrospective adjustment of the Accounting Standards for Business Enterprises and its related new regulations, the opening undistributed profit was impacted by CNY 0.00.

- 2) Due to changes in accounting policies, the opening undistributed profit was impacted by CNY 1,451,018.14.
- 3) Due to the correction of major accounting errors, the opening undistributed profit was impacted by CNY 0.00.
- 4) Changes in the scope of consolidation due to the same control, the opening undistributed profit was impacted by CNY 0.00.
- 5) Opening undistributed profit impacted by other adjustments was CNY 0.00.

60. Operating income and operating cost

Unit: CNY

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Main business	5,592,087,732.10	2,909,599,508.26	5,120,559,880.64	2,595,054,679.80
Other business	12,536,793.73	1,687,352.97	10,150,187.02	1,419,869.06
Total	5,604,624,525.83	2,911,286,861.23	5,130,710,067.66	2,596,474,548.86

Is the lower of the audited net profit before and after deducting non-recurring gains and losses negative?

Yes No

Breakdown information of operating income and operating cost:

Unit: CNY

Contract classification	Segment 1		Segment 2				Total	
	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost
Business type	5,604,624,525.83	2,911,286,861.23					5,604,624,525.83	2,911,286,861.23
Including:								
Life science	2,497,268,179.56	1,301,123,954.38					2,497,268,179.56	1,301,123,954.38
Industrial testing	1,091,422,743.17	615,951,081.58					1,091,422,743.17	615,951,081.58
Consumer goods testing	979,424,453.58	540,959,597.97					979,424,453.58	540,959,597.97
Trade assurance	699,615,420.45	247,820,804.57					699,615,420.45	247,820,804.57
Pharma and clinical services	336,893,729.07	205,431,422.73					336,893,729.07	205,431,422.73
Classification by business area	5,604,624,525.83	2,911,286,861.23					5,604,624,525.83	2,911,286,861.23
Including:								
China	5,260,049,516.85	2,697,209,281.99					5,260,049,516.85	2,697,209,281.99
Outside China	344,575,008.98	214,077,579.24					344,575,008.98	214,077,579.24
Market or client type								
Including:								

Type of contract								
Including:								
Classification by time of transfer of goods								
Including:								
Classification by contract period								
Including:								
Classification by sales channel								
Including:								
Total								

Information related to performance obligations:

Item	Time to fulfill performance obligations	Major payment terms	Nature of goods promised to transfer by the Company	Main responsible person or not?	Amounts assumed by the Company and expected to be refunded to clients	Types of quality assurance and related obligations provided by the Company
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Other descriptions

For sample testing income, when the testing service provided is completed and the testing report is delivered to the client, the client obtains the control of relevant goods and the Company completes the performance obligations; for program-type testing and engineering-type testing, the client obtains the control of service while the Company completes the performance of contract, the Company confirms the performance obligations completed based on the performance conditions during the entire service providing period.

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

At the end of the reporting period, the amount of income corresponding to the performance obligations of the contract signed that have not been performed or have not been performed completely is CNY 0.00, including CNY 0.00 expected to be recognized in year 0, CNY 0.00 expected to be recognized in year 0, and CNY 0.00 expected to be recognized in year 0.

Information related to variable consideration in the contract:

Major changes of contract or major adjustments in transaction price: None

61. Taxes and surcharges

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Urban maintenance and construction tax	9,390,713.27	7,967,644.41
Educational surcharge	4,266,395.39	3,606,643.37
Property tax	11,725,163.30	7,379,167.60
Land use tax	693,827.03	753,515.62
Vehicle and vessel usage tax	78,934.12	69,425.92
Stamp duty	2,695,756.16	2,506,552.63
Local education surcharge	2,841,963.17	2,400,415.02
Other taxes	1,709,188.64	993,165.40
Total	33,401,941.08	25,676,529.97

Other Notes:

None.

62. General and administrative expenses

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Salaries	230,359,142.53	194,887,777.73
Share-based payment	0.00	525,900.46
Depreciation and amortization costs	26,203,269.44	26,596,256.93
Rent and utility costs	9,511,234.20	14,930,156.07
Office expenses	23,526,226.75	21,255,309.49
Travel expense	9,690,499.74	6,107,090.30
Consulting and training fees	21,580,925.94	21,897,088.40
Certification fee	4,034,241.77	3,946,731.97
Material consumables	987,724.05	1,055,279.04
Other	17,692,408.31	14,797,949.04
Total	343,585,672.73	305,999,539.43

Other Notes:

None.

63. Cost of sales

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Salaries	614,211,314.43	557,283,380.70
Depreciation and amortization costs	10,823,559.57	12,274,274.60
Rent and utility costs	8,429,679.14	8,316,840.86
Office expenses	30,665,799.23	28,289,323.49
Travel expense	61,755,598.09	47,233,452.27
Hospitality expense	71,453,903.28	60,598,741.38
Training fees	924,275.53	509,193.31

Market development fee	151,891,693.14	134,512,806.07
Other	10,625,252.94	6,122,099.88
Total	960,781,075.35	855,140,112.56

Other Notes:

None.

64. R&D expenses

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Salaries	335,006,248.00	303,829,815.20
Material costs	41,350,746.52	40,847,170.84
Depreciation and amortization costs	67,604,234.83	63,599,095.65
Rent and utility costs	24,312,212.02	22,594,663.59
Other	4,348,229.97	4,094,024.94
Total	472,621,671.34	434,964,770.22

Other Notes:

None.

65. Finance cost

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest expense	17,502,707.77	14,825,024.17
Interest income	-21,438,962.41	-20,979,637.98
Currency exchange gains and losses	-249,241.82	-7,209,222.20
Bank charges and others	3,436,751.54	2,535,441.74
Total	-748,744.92	-10,828,394.27

Other Notes:

None.

66. Other incomes

Unit: CNY

Other sources of income	Amount incurred in the current period	Amount incurred in the previous period
VAT deduction	15,720,044.68	18,394,580.31
Refund of procedure charges for individual income tax	1,976,370.73	1,391,829.75
Transfer-in of deferred income	15,214,399.92	16,851,220.76
Total of government subsidies each not exceeding CNY 100,000	7,970,786.23	3,645,901.67
The 2nd batch of funds for Suzhou		400,000.00

Innovation and Entrepreneurship Leading Talents Program in 2017		
Special funding awards in the field of Shenzhen standards in 2021		3,803,280.00
Funding of Testing Services Industry in 2021		1,476,145.28
Bao'an District Professional Service Industry Funding Program in 2022		2,532,600.00
Funding for standard development and standardization work projects in 2022		4,320,400.00
National Hi-tech Enterprise Growth Award Program in 2022		300,000.00
Projects planned to be supported by Minhang District's advanced manufacturing policy in 2022		200,000.00
Policy subsidies for stable growth of scientific research and technical services industry in the third quarter of 2022		3,744,810.00
2022 Provincial Program awarding enterprises using special and sophisticated technologies to produce novel and unique products		200,000.00
2022 Innovation Development Fostering and Support Plan for Private Enterprises and Small and Medium Enterprises		200,000.00
INTERBANK GIROIRAS Jobs Growth Incentive GOVERNMENT PAYMENT		322,610.01
Investment Support		252,721.04
IRAS Job Growth Incentive	131,264.32	133,375.09
Wage Credit Scheme		107,333.80
Policy implementation of R&D subsidies for small and medium-sized technology-based enterprise		369,400.00
Subsidies for technology service industry		1,000,000.00
Lump-sum warehousing reward for small and micro industrial enterprises grow into industrial enterprises above designated size in the service industry		100,000.00
Subsidies for resumption of work and production		192,000.00
The 22nd batch of high-quality special projects		1,420,000.00
The 7th batch of high-quality special projects		1,420,000.00
Enterprise R&D investment subsidy program in 2020		458,100.00
Bao'an District Standardization Strategy Incentive Fund in 2021		3,550,000.00
The Hi-tech Division reported the first batch of funding for hi-tech enterprise fostering in 2022, Shenzhen Science and Technology Innovation No. 202225		800,000.00
National hi-tech enterprise certification subsidy		800,000.00
Lump-sum training subsidy for job		242,500.00

retention		
Qiantang District Enterprise R&D Investment Policy Rewards in 2020		119,000.00
Probation subsidy	102,181.80	565,613.18
Provincial special fund subsidy for science and technology development		119,000.00
Post-R&D subsidy awards in 2021		170,000.00
Henan Province 2020 Enterprise R&D Expenses Subsidy Fund		196,000.00
Incentive and subsidy funds for private enterprises and small and medium-sized enterprises to participate in the formulation and revision of standards in 2021		200,000.00
Subsidy for stabilizing employment	108,900.00	1,928,555.33
Hi-tech enterprise award and subsidy funds		250,000.00
Subsidy after R&D investment for technology-based enterprises		630,000.00
Subsidies for work-based training organized by enterprises		123,869.50
CTI CA--Henan Province 2020 enterprise R&D expense subsidies		443,300.00
2021 Bao'an District standardization strategy award		225,000.00
CTI Laboratory--standardization strategy reward		125,000.00
CTI Laboratory--hi-tech enterprise fostering funding	300,000.00	100,000.00
Rent subsidy from Huai'an Economic and Technological Development Zone Economic Development Bureau		351,792.00
Awards for inspection and testing agency qualification certification		200,000.00
Jiangyin CTI Occupational Security--public health program funding	200,000.00	960,004.00
Kunming--2022 Subsidy for Construction of Kunming Technical Transformation and Innovation Platform		420,000.00
Hi-tech enterprise awards		300,000.00
Incentive bonuses for Service industry enterprise		100,000.00
Green creation subsidy		300,000.00
Minhang District special support for the high-quality development of small and medium enterprises using special and sophisticated technologies to produce novel and unique products		200,000.00
Newly certified hi-tech enterprise incentive program funds in 2020		100,000.00
Nanchang 2021 funds for hi-tech enterprise quantity and quality improvement award projects		300,000.00
Nanchang subsidy fund for enterprise R&D expenses		116,100.00

Social insurance subsidies for new corporate positions		130,281.57
Social security subsidies for employing college graduates		140,363.28
The 2nd batch of enterprise support funds in 2021 (service industry development subsidies)		820,000.00
2021 Lingyun Innovative Enterprises		130,000.00
The 6th batch of special funds for high-quality development in 2022		100,000.00
The 2nd batch of science and technology program costs in the hi-tech zone in 2022 (funded by hi-tech enterprises)		100,000.00
Subsidies for enterprise R&D investment	692,700.00	280,000.00
Industrial support funds		3,505,635.00
Government subsidies for R&D projects	200,000.00	439,080.00
Service industry guidance		3,200,000.00
Technology-based enterprise fostering program of Shenzhen Hi-tech Zone Development Special Plan	400,000.00	1,400,000.00
Special funds for Digital Liaoning Manufacturing Strong Province		500,000.00
Incentive funds for hi-tech enterprise recognition		100,000.00
2022 Suzhou Business Development Special Fund Program		2,000,000.00
High-level innovative and entrepreneurial talent introduction plan		500,000.00
Hi-tech enterprise incentive funds		100,000.00
Subsidies for producer services		316,600.00
South Jiangsu Province Award and Subsidy Fund		1,000,000.00
2022 Suzhou municipal-level special funds to build advanced manufacturing base		700,000.00
Employment stabilization refund subsidy from unemployment insurance,		139,925.99
Subsidies for fostering enterprises		200,000.00
The 2nd round of Hong Kong SAR government's anti-epidemic Fund – "Employment Support" Scheme		227,776.02
Lump-sum job expansion subsidy		736,000.00
Lump-sum job retention training subsidy	106,000.00	1,381,805.00
Social insurance subsidies for fresh college graduates		117,197.51
Preferential tax exemption policies for recruiting key groups	811,200.00	1,489,306.00
Zhengzhou Hi-tech Zone's program promoting the development of network security industry		340,000.00
2019 Shanghai special fund (technical transformation) program for industrial transformation and upgrading development	7,200,000.00	
New Generation Information Electronics	6,580,000.00	

Testing Institute		
Annual standard development and standardization work undertaking projects	4,505,500.00	
2023 Funding Plan for Construction Program of Shenzhen Enterprise Technology Center for Technology Innovation Program Support Plan	2,890,000.00	
Annual special funding award in the field of Shenzhen standards	2,336,825.00	
Suzhou Biotechnology--Program Fund for Kunshan Innovation and Entrepreneurship Talent Team Plan	2,000,000.00	
Supporting incentive projects of Bao'an District innovation platform	1,888,000.00	
National hi-tech enterprise government subsidies	1,287,800.00	
Service industry development subsidies	1,260,000.00	
The 18th batch of High-quality development special funds	1,000,000.00	
Special funds for scientific and technological innovation	1,000,000.00	
The construction of public service platforms of municipal-level inclusive policies support	850,000.00	
Subsidy of Chengdu science and technology resource sharing service platform (air pollution monitoring field)	800,000.00	
Annual Suzhou municipal-level special fund to build advanced manufacturing base	800,000.00	
Xiamen subsidiary--Xiamen Municipal Quality Supervision Administration Standardization Fund Subsidy	725,000.00	
Standardization Fund Subsidy from Xiamen Municipal Quality Supervision Administration	725,000.00	
Filing and performance evaluation of Suzhou science and technology public service platform	600,000.00	
Provincial support subsidies for enterprises using special and sophisticated technologies to produce novel and unique products	600,000.00	
Support for the clustering development of scientific and technological service institutions in key areas	500,000.00	
2023 key contribution enterprise projects	500,000.00	
Chengdu Testing--Provincial Enterprise Technology Center	500,000.00	
Chengdu Testing--Rewards for R&D expenses reaching CNY 10 million	446,000.00	
Shaanxi Ecological Environmental Quality Inspection and Testing Service Sharing Platform Program	400,000.00	

Shanghai district level financial support	400,000.00	
Public health program fund	383,240.00	
Youth employment internship subsidy	342,612.00	
Chengdu Testing--Rewards for continuous Gazelle Enterprise Certification	300,000.00	
Chengdu Testing--Rewards for enterprises in the science and technology service industry to become bigger and stronger	300,000.00	
Annual strong quality district incentive fee for quality development	300,000.00	
Rewards and subsidies for enterprises in the science and technology service industry (first time subsidies for entering national or local statistics system)	300,000.00	
Shares--2017 enterprise information technology program funding of Small and Medium Enterprises Administration special fund	240,000.00	
Policy subsidies for stable growth of scientific research and technical service industries	233,120.00	
Hangzhou subsidiary--National hi-tech enterprise government subsidy	228,700.00	
Hangzhou subsidiary--Employment internship subsidy	228,687.27	
Financial subsidies	223,921.27	
Guangdong Neway-Hi-tech enterprise certification award	220,000.00	
School-enterprise cooperation funds	213,000.00	
The 10th batch of science and technology program funds in 2023	210,950.00	
The 6th batch of science and technology program funds	210,950.00	
Evaluation of Tianjin Young Eagle and Gazelle Enterprise	200,000.00	
2023 Funds for the construction of Bao'an District graduate training practice bases	200,000.00	
Annual hi-tech certification subsidy	200,000.00	
Municipal industry (small and medium enterprises) development special fund	200,000.00	
The 4th batch of 2023 bailout policy funds to help stabilize the economy	200,000.00	
The 3rd batch of hi-tech enterprise fostering funding in 2023	200,000.00	
Municipal-level incentive funds for provincial-levels small and medium enterprises using special and sophisticated technologies to produce novel and unique products	200,000.00	
Provincial-level award projects for enterprises using special and sophisticated technologies to produce	200,000.00	

novel and unique products		
Suzhou Biotechnology--Filing and performance evaluation of Suzhou science and technology public service platform	200,000.00	
Subsidies after additional deduction of enterprise R&D expenses	198,375.00	
Tianjin service industry special funds	196,750.00	
Online training subsidies	174,000.00	
Heilongjiang subsidiary--Subsidy after R&D investment for technology-based enterprises	160,000.00	
Qingdao subsidiary--Industrial support fund	157,000.00	
Tianjin Sheeting--Living allowances for supporting the training of postdoctoral talents	150,000.00	
Hi-tech enterprise fostering funding in 2023	150,000.00	
Hi-tech enterprise incentives and subsidies	150,000.00	
2023 Shenzhen Hi-tech Zone development special plans	150,000.00	
Rewards for accelerated growth and increased output of science and technology service enterprises	145,800.00	
Anhui Subsidiary--Youth employment internship subsidy	131,378.41	
2022 hi-tech enterprise rental subsidies	120,785.00	
Hi-tech enterprise fostering funding	120,000.00	
Hi-tech enterprise cultivation subsidy funds	120,000.00	
Suzhou Biotechnology--Jiangsu Provincial business development special fund	119,600.00	
Bao'an District intellectual property rights protection subsidy program	114,676.88	
Anhui subsidiary--Hi-tech enterprise subsidies	100,000.00	
Shanghai Haotu--Financial support funds	100,000.00	
Policy realization funds	100,000.00	
Special funds for the development of scientific and technological enterprises	100,000.00	
Qingdao Subsidiary--Hi-tech enterprise certification award	100,000.00	
Fuzhou Subsidiary--Stable growth award	100,000.00	
Government subsidy program--Zhongshan Municipal Development and Reform Bureau industrial support funds--development and reform special funds	100,000.00	
The 1st batch of high-quality development and online economic policies in 2022	100,000.00	
2023 Kunming enterprise innovation platform subsidy funds	100,000.00	

CTI Engineering Guangzhou--Reward for passing hi-tech enterprise certification	100,000.00	
Fuzhou subsidiary--Hi-tech enterprise awards	100,000.00	
Total	92,921,518.51	97,266,012.09

67. Net exposure hedging income

None.

68. Profit from changes in fair value

Unit: CNY

Sources of profit from changes in fair value	Amount incurred in the current period	Amount incurred in the previous period
Trading financial assets		1,107,453.77
Trading financial liabilities	-84,878.94	3,600,908.82
Other non-current financial assets	15,074,161.04	5,942,800.00
Total	14,989,282.10	10,651,162.59

Other Notes:

None.

69. Investment income

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment incomes calculated using the equity method	39,909,802.98	32,794,916.53
Investment income from disposal of long-term equity investments	-70,676.26	334.35
Investment income from holding of other non-current financial assets	1,073,000.00	
Financial management incomes	9,013,472.23	10,679,419.71
Investment income from disposal of other non-current financial assets	21,227,244.65	654,598.43
Total	71,152,843.60	44,129,269.02

Other Notes:

70. Credit impairment losses

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Losses on bad liabilities	-47,382,531.70	-52,856,079.41
Total	-47,382,531.70	-52,856,079.41

Other Notes:

None.

71. Assets impairment losses

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Inventory devaluation losses and contract performance cost impairment losses	240,991.87	
XI. Impairment losses on contract assets	-9,956,930.24	-1,080,047.21
Total	-9,715,938.37	-1,080,047.21

Other Notes:

None.

72. Incomes from assets disposal

Unit: CNY

Sources of incomes from asset disposal	Amount incurred in the current period	Amount incurred in the previous period
Gains or losses on disposal of non-current assets	1,827,122.56	1,071,272.66

73. Non-operating income

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in non-recurring profits and losses for current period
Government subsidies	20,000.00		20,000.00
Amount unpayable	589,486.99	348,093.65	589,486.99
Gains on disposal of non-current assets	188,486.26	388,066.25	188,486.26
Settlement of claims		397,790.15	
Other	9,928,912.72	3,991,467.36	9,928,912.72
Total	10,726,885.97	5,125,417.41	10,726,885.97

Other Notes:

1. Government subsidies included in current profits and losses

Subsidized program	Amount incurred in the current period	Amount incurred in the previous period	Asset related/income related
Special funds for building a health management system	20,000.00		Income-related
Total	20,000.00		

74. Non-operating expenses

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in non-recurring profits and losses for current period
External donation	98,460.00	75,000.00	98,460.00
Losses from scrapping of non-current assets	4,369,467.98	1,891,689.49	4,369,467.98
Fines and late fees	1,377,327.52	881,300.37	1,377,327.52
Other	1,067,334.28	695,211.02	1,067,334.28
Total	6,912,589.78	3,543,200.88	6,912,589.78

Other Notes:

None.

75. Income tax expenses**(1) Statement of income tax expenses**

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Current income tax expense	106,680,726.10	111,788,416.41
Deferred income tax expense	-22,575,068.70	-12,338,274.94
Total	84,105,657.40	99,450,141.47

(2) Adjustment process of accounting profits and income tax expenses

Unit: CNY

Item	Amount incurred in the current period
Total profit	1,011,302,641.91
Income tax expenses calculated at statutory/applicable tax rates	151,695,396.29
Impact of different tax rates applicable to subsidiaries	20,523,852.27
Impact of adjusting income taxes of previous periods	-4,933,787.80
Impact of non-taxable incomes	-24,935,505.79
Impact of non-deductible costs, expenses and losses	9,005,567.57
Impact of using deductible losses of unrecognized deferred income tax assets of previous periods	-8,734,431.63
Impact of using deductible temporary differences or deductible losses of unrecognized deferred income tax assets the current period.	6,252,158.70
Impact of additional deduction of R&D expenses	-62,663,421.11
Impact of changes in tax rates	-245,434.11
Impact of the new leasing standards	-440,883.35
Other	-1,417,853.64
Income tax expense	84,105,657.40

Other Notes:

None.

76. Other comprehensive income

See Note 57 for details.

77. Cash flow statement items

(1) Cash related to operating activities

Other cash received relating to operating activities

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Deposits and guarantees	83,295,304.62	70,802,876.12
Government subsidies received	67,799,345.57	71,786,483.74
Current accounts	24,296,554.00	22,553,615.24
Interest income from current deposit	21,345,354.82	20,823,974.39
Other	82,454,437.63	67,785,458.13
Total	279,190,996.64	253,752,407.62

Description of other cash received related to operating activities:

None.

Other cash paid relating to operating activities

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Period costs	517,333,209.82	429,365,238.39
Deposits and guarantees	76,387,300.86	86,532,875.05
Current accounts	28,040,299.09	26,401,323.10
Other	71,620,369.23	52,406,897.57
Total	693,381,179.00	594,706,334.11

Description of other cash paid related to operating activities:

None.

(2) Cash related to investing activities

Other cash received relating to investing activities

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Financial products	516,912,440.59	573,313,746.56
Other	2,016,160.60	
Total	518,928,601.19	573,313,746.56

Significant cash received related to investing activities

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
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Description of other cash received related to investing activities:

Other cash paid relating to investing activities

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Financial products	432,895,262.68	592,769,083.34
Total	432,895,262.68	592,769,083.34

Significant cash payments related to investing activities

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
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Description of other cash paid related to investment activities:

(3) Cash related to financing activities

Other cash received relating to financing activities

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Other	6,584,757.28	
Total	6,584,757.28	0.00

Description of other cash received related to financing activities:

Other cash paid relating to financing activities

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Payment for acquisition of minority shareholders' equity	943,000.00	7,084,000.00
Share buyback	83,803,862.08	35,491,855.22
Lease payment	118,481,072.45	79,710,133.33
Other	1,765,461.03	
Total	204,993,395.56	122,285,988.55

Description of other cash payments related to financing activities:

Changes in various liabilities arising from financing activities

 Applicable Not applicable**(4) Description of cash flow presented on a net basis**

None.

(5) Major activities and financial impacts that do not involve current cash receipts and payments but affect the Company's financial status or may affect the Company's cash flow in the future

78. Supplementary information for cash flow statement

(1) Supplementary information for cash flow statement

Unit: CNY

Supplementary information	Current amount	Amount of last period
1. Reconciliation from net profit to cash flows from operating activities		
Net profit	927,196,984.51	924,596,625.69
Add: Provisions for assets impairment	57,098,470.07	53,936,126.62
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive biological assets	322,229,418.62	294,470,563.30
Depreciation of right-of-use assets	103,385,371.13	95,389,442.15
Amortization of intangible assets	8,584,754.25	9,380,082.30
Amortization of long-term prepaid expenses	58,157,072.11	58,034,662.06
Losses from disposal of fixed assets, intangible assets and other long-term assets (income is indicated with a sign "-")	-1,827,122.56	-1,071,272.66
Losses from scrapping of fixed assets (income is indicated with a sign "-")	4,180,981.72	1,503,623.24
Losses from changes in fair value (income is indicated with a sign "-")	-14,989,282.10	-10,651,162.59
Financial expenses (income is indicated with a sign "-")	17,284,274.16	7,920,501.97
Investment losses (income is indicated with a sign "-")	-71,152,843.60	-44,129,269.02
Decrease in deferred income tax assets (increase is indicated with a sign "-")	-40,808,216.34	-21,579,418.78
Increase in deferred income tax liabilities (decrease is indicated with a sign "-")	18,226,470.88	9,241,143.86
Decrease in inventory (increase is indicated with a sign "-")	-1,288,728.55	-41,957,051.57
Decrease in operating receivables (increase is indicated with a sign "-")	-309,278,417.94	-434,772,386.57
Increase in operating payables (decreases are indicated with a sign "-")	45,395,570.51	199,609,989.53

Other		525,900.46
Net cash flows from operating activities	1,122,394,756.87	1,100,448,099.99
2. Major investment and financing activities involving no cash receipts and payments		
Liability transferred to capital		
Current portion of convertible bonds of the Company		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	1,424,811,490.89	1,574,491,482.21
Less: Opening balance of cash	1,574,491,482.21	1,141,031,904.89
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-149,679,991.32	433,459,577.32

(2) Net cash paid in current period to acquire subsidiaries

Unit: CNY

	Amount
Cash or cash equivalents paid in current period for business combination occurred in current period	261,865,952.35
Including:	
Shaanxi Huabang Testing Service Co., Ltd.	23,628,355.49
CTI VESP Testing Technology Co., Ltd.	161,897,388.58
Xipai Technology (Nanjing) Co., Ltd.	9,282,508.28
Guangzhou Vectoring Pharmatech Co., Ltd.	26,100,000.00
Shenzhen Huacheng Kangda Investment Partnership (Limited Partnership)	813,380.00
Guangdong Neway Quality Technology Service Co., Ltd.	17,680,320.00
CTI Fengxue Testing Technology Co., Ltd.	22,464,000.00
Less: Cash and cash equivalents held by the Company at the date of purchase	44,842,989.10
Including:	
Shaanxi Huabang Testing Service Co., Ltd.	12,018,886.33
CTI VESP Testing Technology Co., Ltd.	10,401,151.18
Xipai Technology (Nanjing) Co., Ltd.	149,508.07
Guangzhou Vectoring Pharmatech Co., Ltd.	13,346,416.83
Shenzhen Huacheng Kangda Investment Partnership (Limited Partnership)	4,730.80
Guangdong Neway Quality Technology Service Co., Ltd.	718,392.03
CTI Fengxue Testing Technology Co., Ltd.	8,203,903.86

Add: Cash or cash equivalents paid in current period for business combination occurred in the previous periods	89,339.49
Including:	
MARITEC PTE. LTD.	89,339.49
Net cash paid for acquiring subsidiaries	217,112,302.74

Other Notes:

None.

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

Unit: CNY

	Amount
Including:	
Including:	
Including:	

Other Notes:

(4) Composition of cash and cash equivalents

Unit: CNY

Item	Closing balance	Opening balance
I. Cash	1,424,811,490.89	1,574,491,482.21
Including: Cash on hand	34,366.02	42,956.74
Bank deposits readily available for payment	1,385,515,757.63	1,573,780,795.59
Funds in other currencies readily available for payment	39,261,367.24	667,729.88
III. Closing balance of cash and cash equivalents	1,424,811,490.89	1,574,491,482.21

(5) Item with limited scope of use but still classified as cash and cash equivalents

Unit: CNY

Item	Current amount	Amount of last period	Reasons for still being classified as cash and cash equivalents
Monetary funds	25,705,810.84	26,900,637.94	Bid bond, performance bond, advance payment bond, quality bond, others
Total	25,705,810.84	26,900,637.94	

(6) Monetary funds that are not cash and cash equivalents

Unit: CNY

Item	Current amount	Amount of last period	Reasons for not being classified as cash and cash equivalents
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Other Notes:

(7) Description of other major activities

79. Notes on items in the statement of changes in owners' equity

Explain the name of the "other" items and the amount of adjustment and other matters for adjusting the closing balance of previous year:

80. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: CNY

Item	Closing balance of foreign currency	Conversion exchange rate	Closing balance converted into CNY
Monetary funds			
Including: USD	14,272,040.97	7.0827	101,084,584.58
EUR	1,390,566.13	7.8592	10,928,737.33
HKD	2,180,808.33	0.9062	1,976,248.51
GBP	85,416.30	9.0411	772,257.31
NTD	35,854,690.00	0.2314	8,296,775.27
New currency	1,440,310.09	5.3772	7,744,835.42
ZAR	3,561,224.06	0.3819	1,360,031.47
MXN	2,564,392.58	0.4181	1,072,172.54
Accounts receivable			
Including: USD	2,036,991.78	7.0827	14,427,401.68
EUR	2,791,444.69	7.8592	21,938,522.11
HKD	494,305.31	0.9062	447,939.47
GBP	73,513.22	9.0411	664,640.37
NTD	42,158,249.00	0.2314	9,755,418.82
New currency	5,975,967.89	5.3772	32,133,974.54
ZAR	37,180.00	0.3819	14,199.04
MXN	10,797,623.06	0.4181	4,514,486.20
Long-term borrowings			
Including: USD			
EUR	319,563.93	7.8592	2,511,516.84
HKD			
NTD	28,666,661.00	0.2314	6,633,465.36
Contract assets			
Including: USD		7.0827	
EUR	369,424.00	7.8592	2,903,377.10
HKD		0.9062	
GBP		9.0411	

NTD		0.2314	
New currency	362,796.67	5.3772	1,950,830.25
ZAR		0.3819	
MXN		0.4181	
Other receivables			
Including: USD	6,904.85	7.0827	48,904.98
EUR	174,227.88	7.8592	1,369,291.75
HKD	348,454.71	0.9062	315,769.66
GBP	1,543.00	9.0411	13,950.42
NTD	360,800.00	0.2314	83,489.12
New currency	142,435.37	5.3772	765,903.47
MXN	36,280.87	0.4181	15,169.03
Accounts payable			
Including: USD	366,084.12	7.0827	2,592,864.00
EUR	607,376.79	7.8592	4,773,495.67
HKD	691,332.97	0.9062	626,485.94
GBP	6,759.18	9.0411	61,110.42
NTD	24,424,084.31	0.2314	5,651,733.11
New currency	898,750.43	5.3772	4,832,760.81
Other payables			
Including: USD	38,110.00	7.0827	269,921.70
EUR	2,310,829.08	7.8592	18,161,267.91
HKD	263,611.41	0.9062	238,884.66
GBP	75,019.13	9.0411	678,255.46
NTD	6,603,286.57	0.2314	1,528,000.51
New currency	506,197.27	5.3772	2,721,923.96
Lease liabilities (including those due within one year)			
Including: USD	133,392.56	7.0827	944,779.48
EUR	2,653,506.47	7.8592	20,854,438.05
HKD	1,915,168.73	0.9062	1,735,525.90
NTD	12,689,164.00	0.2314	2,936,272.55
New currency	521,344.08	5.3772	2,803,371.39
ZAR	1,289,247.99	0.3819	492,363.81
MXN	366,814.12	0.4181	153,364.98

Other Notes:

The amount of long-term borrowings in the above table includes long-term borrowings due within one year.

(2) Description of overseas operating entities, including, for major overseas operating entities, the disclosure of their main overseas business location, accounting standard currency and its basis for selection; and the disclosure of reasons for the change of accounting standard currency (if any).

Applicable Not applicable

81. Leases

(1) The Company as the lessee

Applicable Not applicable

Variable lease payments not included in the measurement of lease liabilities

Applicable Not applicable

Simplified treatment of short-term leases or lease payments for low-value assets

Applicable Not applicable

The short-term leases whose treatments are simplified by the Company simplifies include the leases with a period of no more than 12 months, and low-value leases with a value of no more than CNY 40,000.

Total short-term lease expenses and low-value lease expenses included in current profit and loss are CNY 113,111,913.83.

Situations involving sale and leaseback transactions

(2) The Company as the lessor

Operating lease as a lessor

Applicable Not applicable

Unit: CNY

Item	Rental income	Including: Income related to variable lease payments not included in lease receipts
Lease of buildings	8,020,917.96	
Total	8,020,917.96	

Finance lease with the Company as lessor

Applicable Not applicable

Undiscounted lease payments for each of the next five years

Applicable Not applicable

Reconciliation of undiscounted lease receipts and net lease investment

(3) Recognition of sales profits and losses of finance lease with the Company as a manufacturer or distributor

Applicable Not applicable

82. Others

None.

VIII. R&D expenditures

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Salaries	335,006,248.00	303,829,815.20
Material costs	41,350,746.52	40,847,170.84
Depreciation and amortization costs	67,604,234.83	63,599,095.65
Rent and utility costs	24,312,212.02	22,594,663.59
Other	4,348,229.97	4,094,024.94

Total	472,621,671.34	434,964,770.22
Including: Expensed R&D expenditures	472,621,671.34	434,964,770.22

1. R&D projects meeting capitalization conditions

None.

2. Major outsourcing projects in R&D process

None.

IX. Changes in the scope of combination

1. Business combination not under common control

(1) Business combination not under common control occurred during current period

Unit: CNY

Name of acquiree	Equity acquisition time	Equity acquisition cost	Equity acquisition ratio	Equity acquisition method	Acquisition date	Basis for determining acquisition date	Incomes of the acquirer from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period	The cash flow of the acquiree from the acquisition date to the end of the period
Shaanxi Huabang Testing Service Co., Ltd.	January 9, 2023	25,353,945.44	70.00%	By cash	January 9, 2023	Take control	37,929,439.62	4,122,561.09	4,205,551.95
CTI VESP Testing Technology Co., Ltd.	December 29, 2022	161,570,034.74	100.00%	By cash	January 1, 2023	Take control	171,323,509.12	-11,323,499.49	11,489,091.51
Xipai Technology (Nanjing) Co., Ltd.	February 2, 2023	9,299,465.92	100.00%	By cash	February 2, 2023	Take control	2,763,396.09	-5,264,725.32	78,624.43
Guangzhou Vectoring Pharmatech Co., Ltd.	February 7, 2023	29,000,000.00	100.00%	By cash	February 7, 2023	Take control	13,240,310.23	3,787,808.15	-12,795,106.67
Guangdong Neway	June 13, 2023	20,000,400.00	83.12%	By cash	June 13, 2023	Take control	5,625,933.88	940,931.21	10,097,941.84

Quality Technology Service Co., Ltd.									
CTI Fengxue Testing Technology Co., Ltd.	August 8, 2023	28,080,000.00	51.96%	By cash	August 8, 2023	Take control	14,654,253.74	2,559,709.57	3,634,153.45

Other Notes:

1. On June 13, 2023, the Company's first-tier subsidiary Shanghai CTI Pinchuang Medical Testing Co., Ltd. acquired 71.43% of the equity of Guangdong Newway Quality Technology Service Co., Ltd., with the equity acquisition price at CNY 20,000,400.00. Among them, the shareholder subscription ratio of Guangdong Newway Quality Technical Services Co., Ltd. is inconsistent with the paid-in ratio. The agreement stipulates that all shareholders should exercise shareholder rights in accordance with the paid-in ratio. The equity acquisition ratio in the above table is the paid-in ratio.

2. Mr. Wan Jun, one of the counterparties to the acquisition of CTI VESP, is the brother of Mr. Wan Feng, the actual controller of the Company; therefore, the acquisition of CTI VESP is a related transaction.

(2) Combination costs and goodwill

Unit: CNY

Combination costs	Shaanxi Huabang Testing Service Co., Ltd.	CTI VESP Testing Technology Co., Ltd.	Xipai Technology (Nanjing) Co., Ltd.	Guangzhou Vectoring Pharmatech Co., Ltd.	Guangdong Newway Quality Technology Service Co., Ltd.	CTI Fengxue Testing Technology Co., Ltd.
--Cash	25,353,945.44	161,570,034.74	9,299,465.92	29,000,000.00	20,000,400.00	28,080,000.00
--Fair value of non-cash assets						
--Fair value of liability issued or assumed						
--Fair value of equity securities issued						
--Fair value of contingent consideration						
--Fair value on the acquisition date of the equity held before the acquisition date						
--Other						
Total combination	25,353,945.44	161,570,034.74	9,299,465.92	29,000,000.00	20,000,400.00	28,080,000.00

costs						
Less: Share of fair value of identifiable net assets acquired	13,447,717.80	46,474,745.31	5,067,769.48	11,215,100.75	-127,944.52	5,352,988.89
Goodwill/The amount by which combination cost is less than the share of fair value of identifiable net assets acquired	11,906,227.64	115,095,289.43	4,231,696.44	17,784,899.25	20,128,344.52	22,727,011.11

Method for determining the fair value of combination costs:

Fair value of the combination cost is determined based on the actual cash paid and contingent consideration.

Description of contingent consideration and its changes

Main reasons for the formation of large goodwill:

The fair value of combination cost is greater than the share of fair value of the acquiree's identifiable net assets acquired in the combination.

Other Notes:

None.

(3) Identifiable assets and liabilities of the acquiree on the acquisition date

Unit: CNY

	Shaanxi Huabang Testing Service Co., Ltd.		CTI VESP Testing Technology Co., Ltd.		Xipai Technology (Nanjing) Co., Ltd.		Guangzhou Vectoring Pharmatech Co., Ltd.		Guangdong Neway Quality Technology Service Co., Ltd.		CTI Fengxue Testing Technology Co., Ltd.	
	Fair value on acquisition date	Book value on acquisition date	Fair value on acquisition date	Book value on acquisition date	Fair value on acquisition date	Book value on acquisition date	Fair value on acquisition date	Book value on acquisition date	Fair value on acquisition date	Book value on acquisition date	Fair value on acquisition date	Book value on acquisition date
Assets:	30,764,800.52	30,764,800.52	233,163,053.84	233,163,053.84	9,562,467.05	9,562,467.05	17,969,356.96	17,969,356.96	2,865,781.54	2,865,781.54	22,179,403.37	22,179,403.37
Monetary funds	12,018,886.33	12,018,886.33	10,401,151.18	10,401,151.18	149,508.07	149,508.07	13,346,416.83	13,346,416.83	718,392.03	718,392.03	8,203,903.86	8,203,903.86
Accounts receivable	8,067,723.30	8,067,723.30	44,334,563.21	44,334,563.21	136,800.00	136,800.00	764,559.31	764,559.31	251,886.32	251,886.32	9,242,085.22	9,242,085.22

ble												
Inventories			6,657,258.25	6,657,258.25	1,833,715.93	1,833,715.93			32,281.30	32,281.30		
Fixed assets	6,246,946.85	6,246,946.85	136,860,792.90	136,860,792.90	7,094,042.70	7,094,042.70	1,278,774.93	1,278,774.93	1,159,136.31	1,159,136.31	1,332,091.16	1,332,091.16
Intangible assets			673,170.28	673,170.28			20,448.66	20,448.66	15,240.23	15,240.23	100,700.79	100,700.79
Notes receivable			43,930.27	43,930.27							90,000.00	90,000.00
Advances to suppliers	553,615.27	553,615.27	1,676,846.43	1,676,846.43	118,846.30	118,846.30	115,054.18	115,054.18	359.00	359.00	148,862.33	148,862.33
Other receivables	1,121,780.14	1,121,780.14	4,222,502.93	4,222,502.93	229,554.05	229,554.05	245,344.73	245,344.73	128,965.46	128,965.46	1,057,206.73	1,057,206.73
Other current assets			1,635,958.71	1,635,958.71								
Construction in progress	119,438.00	119,438.00	5,763,403.16	5,763,403.16								
Right-of-use assets	2,294,426.35	2,294,426.35	2,651,746.26	2,651,746.26			2,180,596.57	2,180,596.57	510,753.42	510,753.42	942,499.76	942,499.76
Long-term prepaid expenses	306,584.28	306,584.28	16,408,915.11	16,408,915.11			18,161.75	18,161.75	48,767.47	48,767.47	1,062,053.52	1,062,053.52
Deferred tax assets			225,497.51	225,497.51								
Other non-current assets	35,400.00	35,400.00	1,607,317.64	1,607,317.64								
Liabilities:	11,553,775.10	11,553,775.10	186,688,308.53	186,688,308.53	4,494,697.57	4,494,697.57	6,754,256.21	6,754,256.21	3,019,709.02	3,019,709.02	11,877,665.79	11,877,665.79
Borrowings			37,824,531.12	37,824,531.12							10,589,812.63	10,589,812.63
Accounts payable	3,615,145.12	3,615,145.12	73,294,479.46	73,294,479.46	405,468.51	405,468.51	67,240.99	67,240.99	403,158.02	403,158.02	-888,934.72	-888,934.72
Deferr			378,96	378,96							203,00	203,00

ed tax liabilities			3.88	3.88							4.68	4.68
Contract liabilities	457,800.00	457,800.00	40,618.62	40,618.62	2,018,418.37	2,018,418.37	3,726,234.70	3,726,234.70	1,952,328.40	1,952,328.40	189,000.00	189,000.00
Salaries payable	3,703,182.01	3,703,182.01	6,068,161.01	6,068,161.01	744,156.80	744,156.80	856,717.84	856,717.84	225,099.11	225,099.11	751,060.74	751,060.74
Taxes payable	1,580,790.45	1,580,790.45	95,174.06	95,174.06	110,999.79	110,999.79	25,024.84	25,024.84	-77,699.94	-77,699.94	74,092.65	74,092.65
Other payables	81,919.75	81,919.75	39,489,815.61	39,489,815.61	1,215,654.10	1,215,654.10	9,180.66	9,180.66	6,070.01	6,070.01	209,466.95	209,466.95
Non-current liabilities due within one year			22,505,774.83	22,505,774.83					396,252.24	396,252.24	418,542.88	418,542.88
Lease liabilities	2,114,937.77	2,114,937.77	6,990,789.94	6,990,789.94			2,069,857.18	2,069,857.18	114,501.18	114,501.18	331,619.98	331,619.98
Net assets	19,211,025.42	19,211,025.42	46,474,745.31	46,474,745.31	5,067,769.48	5,067,769.48	11,215,100.75	11,215,100.75	-153,927.48	-153,927.48	10,301,737.58	10,301,737.58
Less: Minority shareholders' interests	5,763,307.62	5,763,307.63							-25,982.96	-25,982.96	4,948,748.69	4,948,748.69
Net assets acquired	13,447,717.80	13,447,717.79	46,474,745.31	46,474,745.31	5,067,769.48	5,067,769.48	11,215,100.75	11,215,100.75	-127,944.52	-127,944.52	5,352,988.89	5,352,988.89

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

None.

Contingent liabilities of the acquiree assumed in a business combination:

Other Notes:

(4) Gains or losses arising from remeasurement of equity held before the acquisition date at fair value

Is there any transaction that realizes the business combination step by step through multiple transactions and takes control during the reporting period?

Yes No

(5) Relevant description that the combination consideration or the fair value of the acquiree's identifiable assets and liabilities fails to be rationally determined on the acquisition date or at the end of the current period of combination.

None.

(6) Other descriptions

2. Business combination under common control

(1) Business combinations under common control occurred in current period

None.

(2) Combination cost

None.

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

None.

3. Counter purchase

Basic transaction information, the basis for the transaction to constitute a counter purchase, whether the assets and liabilities retained by the listed company constitute businesses and the basis for it, the determination of combination cost, the amount of equity adjustment treating it as an equity transaction and its calculation:

4. Disposal of subsidiaries

Is there any transaction or event resulting in the loss of control to subsidiaries during in the current period?

Yes No

Is there any situation where investments in subsidiaries are disposed of step by step through multiple transactions and the control is lost in current period?

Yes No

5. Changes in the scope of consolidation due to other reasons

Explain the changes in the scope of consolidation caused by other reasons (such as the establishment of new subsidiaries, liquidation of subsidiaries, etc.) and their related circumstances:

The newly established subsidiaries in in the current period include: CTI Metrology and Testing (Jinan) Co., Ltd., Hefei CTI Fengxue Enterprise Management Partnership (Limited Partnership), Shanghai CTI Occupational Safety Clinic Co., Ltd., CTI Medical Equipment Technical Services (Shenzhen) Co., Ltd., CTI VESP Testing Technology (Shenzhen) Co., Ltd., CTI VESP

Testing Technology (Shanghai) Co., Ltd., Centre Testing International (Holdings) Pte Ltd. and Centre Testing International (Japan) Co., Ltd. The subsidiaries acquired by purchasing assets during in the current period include: Shenzhen Huacheng Kangda Investment Partnership (Limited Partnership) The subsidiaries canceled during in the current period include: CTI Special Equipment Testing (Beijing) Co., Ltd., Shanghai CTI Aiyuan Biotechnology Co., Ltd.

6. Others

None.

X. Interests in other entities

1. Interests in subsidiaries

(1) Composition of enterprise groups

Unit: CNY

Name of subsidiary	Registered capital	Principal place of business	Registration place	Nature of business	Shareholding ratio		Acquisition method
					Direct	Indirect	
Shenzhen CTI Testing Co., Ltd.	CNY 10 million	Shenzhen	Shenzhen	Technical testing industry	100.00%	0.00%	Establishment
Centre Testing International Beijing Co., Ltd.	CNY 50 million	Beijing	Beijing	Technical testing industry	100.00%	0.00%	Establishment
Suzhou CTI Testing Technology Co., Ltd.	CNY 20 million	Suzhou	Suzhou	Technical testing industry	95.00%	5.00%	Establishment
CTI Holding (Hong Kong) Co., Ltd.	HKD 304,100,000	China Hong Kong	China Hong Kong	Technical testing industry	100.00%	0.00%	Establishment
CENTRE TESTING INTERNATIONAL PTE.LTD.	S\$100,000	Singapore	Singapore	Technical testing industry	0.00%	100.00%	Establishment
Taiwan CTI Testing Technology Co., Ltd.	NTD40 million	Taiwan	Taiwan	Technical testing industry	0.00%	100.00%	Establishment
CTI U.S. INC.	USD 50,000	USA	USA	Technical testing industry	0.00%	100.00%	Establishment
CEM INTERNATIONAL LIMITED	GBP 229,293.86	U.K.	U.K.	Technical testing industry	0.00%	70.00%	Business combination not under common control

CTI-CEM INTERNATIONAL LIMITED	EUR100	U.K.	U.K.	Technical testing industry	0.00%	70.00%	Business combination not under common control
POLY NDT (PRIVATE) LIMITED	S\$70,000	Singapore	Singapore	Technical testing industry	0.00%	100.00%	Business combination not under common control
MARITEC PTE. LTD.	S\$7687,061	Singapore	Singapore	Technical testing industry	0.00%	100.00%	Business combination not under common control
CTI Germany Management GmbH	EUR 25,000	Germany	Germany	Technical testing industry	0.00%	100.00%	Establishmen t
CTI Germany Holding GmbH & Co. KG	EUR500	Germany	Germany	Technical testing industry	0.00%	100.00%	Establishmen t
IMAT-UVE GMBH	EUR 558,000	Germany	Germany	Technical testing industry	0.00%	90.00%	Business combination not under common control
IMAT-UVE AUTOMOTI VE TESTING CENTRE (PTY) LTD.	ZAR900,120	South Africa	South Africa	Technical testing industry	0.00%	90.00%	Business combination not under common control
IMAT AUTOMOTI VE TECHNOLO GY SERVICES INC.	USD3000	USA	USA	Technical testing industry	0.00%	90.00%	Business combination not under common control
IMAT AUTOMOTI VE TECHNOLO GY SERVICES MEXICO. S. DE R.L. DE C.V.	MXN100,00 0	Mexico	Mexico	Technical testing industry	0.00%	90.00%	Business combination not under common control
Imat (Shenyang) Automotive Technology	EUR 2.9609375 million	Shenyang	Shenyang	Technical testing industry	0.00%	90.00%	Business combination not under common

Co., Ltd.							control
Shanghai Imat Automotive Technology Services Co., Ltd.	EUR 1.458 million	Shanghai	Shanghai	Technical testing industry	0.00%	90.00%	Business combination not under common control
Qingdao CTI Testing Technology Co., Ltd.	CNY 6 million	Qingdao	Qingdao	Technical testing industry	100.00%	0.00%	Establishment
Shanghai CTI Pinbiao Testing Technology Co., Ltd.	CNY 30.868981 million	Shanghai	Shanghai	Technical testing industry	78.73%	21.27%	Establishment
Xiamen CTI Testing Technology Co., Ltd.	CNY 20 million	Xiamen	Xiamen	Technical testing industry	0.00%	100.00%	Establishment
Ningbo CTI Testing Technology Co., Ltd.	CNY 10 million	Ningbo	Ningbo	Technical testing industry	0.00%	100.00%	Establishment
Centre Testing International Certification Co., Ltd.	CNY 50 million	Shenzhen	Shenzhen	Technical certification	0.00%	100.00%	Business combination not under common control
Beijing CTI Excellence Technical Services Co., Ltd.	CNY 3 million	Beijing	Beijing	Technical testing industry	0.00%	100.00%	Establishment
Zhejiang Hua'an Energy-saving Engineering Co., Ltd.	CNY 5 million	Hangzhou	Hangzhou	Technical testing industry	0.00%	100.00%	Establishment
Shenzhen CTI Commodity Inspection Co., Ltd.	CNY 5 million	Shenzhen	Shenzhen	Technical appraisal	100.00%	0.00%	Business combination not under common control
Suzhou CTI Biotechnology Co., Ltd.	CNY 60 million	Suzhou	Suzhou	Technical testing industry	0.00%	85.38%	Establishment
Guangdong CTI Forensic Identification Center	CNY 1 million	Shenzhen	Shenzhen	Technical appraisal	100.00%	0.00%	Establishment
Shenzhen CTI Training Center	CNY 1 million	Shenzhen	Shenzhen	Service industry	100.00%	0.00%	Establishment

Shenzhen CTI Standard Material Research Institute	CNY million	0.2	Shenzhen	Shenzhen	Technical testing industry	100.00%	0.00%	Establishmen t
Shanghai CTI Aiyuan Biotechnolog y Co., Ltd.	CNY million	5	Shanghai	Shanghai	Trading	100.00%	0.00%	Establishmen t
Shenzhen CTI Private Equity Fund Management Co., Ltd.	CNY million	20	Shenzhen	Shenzhen	Service industry	100.00%	0.00%	Establishmen t
Shenzhen CTI Information Technology Co., Ltd.	CNY million	10.8	Shenzhen	Shenzhen	Technical services	100.00%	0.00%	Establishmen t
Anhui CTI Testing Technology Co., Ltd.	CNY million	17	Hefei	Hefei	Technical testing industry	0.00%	100.00%	Establishmen t
Guangzhou CTI Pinbiao Testing Co., Ltd.	CNY million	20	Guangzhou	Guangzhou	Technical testing industry	0.00%	100.00%	Establishmen t
Shanghai CTI Zhi'an Outpatient Department Co., Ltd.	CNY million	10	Guangzhou	Guangzhou	Service industry	0.00%	85.38%	Establishmen t
Shanghai CTI Aipu Medical Laboratory Co., Ltd.	CNY million	80	Shanghai	Shanghai	Service industry	0.00%	85.38%	Establishmen t
Chongqing CTI Testing Technology Co., Ltd.	CNY million	55	Chongqing	Chongqing	Technical testing industry	0.00%	100.00%	Establishmen t
Suzhou CTI Anping Technology Services Co., Ltd.	CNY million	35	Suzhou	Suzhou	Technical services	0.00%	85.38%	Business combination not under common control
Wuhan CTI Testing Technology Co., Ltd.	CNY million	20	Wuhan	Wuhan	Technical testing industry	0.00%	100.00%	Establishmen t
Huai'an CTI Testing Technology Co., Ltd.	CNY million	17	Huai'an	Huai'an	Technical testing industry	0.00%	100.00%	Establishmen t
Dalian	CNY	27	Dalian	Dalian	Technical	0.00%	100.00%	Business

Huaxin Physicochemical Testing Center Co., Ltd.	million			testing industry			combination not under common control
Heilongjiang CTI Testing Technology Co., Ltd.	CNY 30 million	Harbin	Harbin	Technical testing industry	0.00%	100.00%	Business combination not under common control
Hangzhou CTI Testing Technology Co., Ltd.	CNY 45 million	Hangzhou	Hangzhou	Technical testing industry	0.00%	100.00%	Establishment
Hunan Pinbiao CTI Testing Technology Co., Ltd.	CNY 30 million	Changsha	Changsha	Technical testing industry	0.00%	100.00%	Establishment
Hangzhou Hua'an Testing Technology Co., Ltd.	CNY 59.766489 million	Hangzhou	Hangzhou	Technical testing industry	100.00%	0.00%	Business combination not under common control
Xinjiang Kerui Testing Technology Co., Ltd.	CNY 3 million	Karamay	Karamay	Technical testing industry	0.00%	100.00%	Establishment
Shenzhen TNLINK Technology Development Co., Ltd.	CNY 10.1224 million	Shenzhen	Shenzhen	Technical testing industry	0.00%	100.00%	Establishment
Hangzhou Hua'an Engineering Services Co., Ltd.	CNY 5 million	Hangzhou	Hangzhou	Technical testing industry	0.00%	100.00%	Establishment
Zhoushan Jingwei Ship Service Co., Ltd.	CNY 3 million	Zhoushan	Zhoushan	Technical testing industry	0.00%	60.00%	Business combination not under common control
Shanghai CTI Pinzheng Testing Technology Co., Ltd.	CNY 377 million	Shanghai	Shanghai	Technical testing industry	100.00%	0.00%	Establishment
Guizhou CTI Testing Technology Co., Ltd.	CNY 11 million	Guiyang	Guiyang	Technical testing industry	0.00%	100.00%	Establishment
Nanchang	CNY 8 million	Nanchang	Nanchang	Technical	0.00%	100.00%	Establishment

CTI Certification Co., Ltd.	million			testing industry			t
Henan CTI Testing Technology Co., Ltd.	CNY 39.8 million	Zhengzhou	Zhengzhou	Technical testing industry	0.00%	100.00%	Business combination not under common control
Tianjin CTI Certification Co., Ltd.	CNY 107.5 million	Tianjin	Tianjin	Technical testing industry	100.00%	0.00%	Establishment
Yunnan CTI Certification Co., Ltd.	CNY 31 million	Kunming	Kunming	Technical testing industry	0.00%	100.00%	Establishment
CTI Engineering Testing Co., Ltd.	CNY 50 million	Guangzhou	Guangzhou	Technical testing industry	100.00%	0.00%	Business combination not under common control
Ningbo Weizhi Testing Technology Services Co., Ltd.	CNY 0.805284 million	Ningbo	Ningbo	Technical testing industry	100.00%	0.00%	Business combination not under common control
Hebei CTI Testing Services Co., Ltd.	CNY 18 million	Shijiazhuang	Shijiazhuang	Technical testing industry	0.00%	100.00%	Establishment
Beijing CTI Food and Agricultural Certification Services Co., Ltd.	CNY 3 million	Beijing	Beijing	Technical certification	0.00%	100.00%	Business combination not under common control
Gansu CTI Certification Co., Ltd.	CNY 30 million	Lanzhou	Lanzhou	Technical testing industry	0.00%	100.00%	Establishment
Jiangsu CTI Pinbiao Testing and Certification Technology Co., Ltd.	CNY 35 million	Nanjing	Nanjing	Technical testing industry	0.00%	100.00%	Establishment
Jiangyin CTI Zhi'an Outpatient Department Co., Ltd.	CNY 4.2 million	Jiangyin	Jiangyin	Service industry	0.00%	68.30%	Business combination not under common control
Suzhou Wuzhong Economic Development Zone Jiakang Outpatient	CNY 5 million	Suzhou	Suzhou	Service industry	0.00%	68.30%	Business combination not under common control

Department Co., Ltd.								
Shenzhen CTI Pest Management Co., Ltd.	CNY million	5	Shenzhen	Shenzhen	Service industry	67.00%	33.00%	Establishment
Shenzhen CTI Laboratory Technology Services Co., Ltd.	CNY million	35	Shenzhen	Shenzhen	Service industry	67.00%	0.00%	Establishment
CTI Electronic Certification Co., Ltd.	CNY million	50.31	Zhengzhou	Zhengzhou	Technical certification	71.26%	0.00%	Business combination not under common control
Henan Hucheng Information Technology Co., Ltd.	CNY million	10.1	Zhengzhou	Zhengzhou	Service industry	0.00%	71.26%	Business combination not under common control
Fujian Shangwei Testing Co., Ltd.	CNY million	6	Putian	Putian	Technical testing industry	51.00%	0.00%	Business combination not under common control
Guangxi CTI Certification Co., Ltd.	CNY million	21	Nanning	Nanning	Technical testing industry	0.00%	100.00%	Establishment
Centre Testing International Metrology Testing Co., Ltd.	CNY million	50	Shenzhen	Shenzhen	Technical testing industry	0.00%	100.00%	Establishment
Ningguo CTI Testing Technology Co., Ltd.	CNY million	6	Ningguo	Ningguo	Technical testing industry	100.00%	0.00%	Establishment
Guangzhou CTI Testing and Certification Technology Co., Ltd.	CNY million	30	Guangzhou	Guangzhou	Technical testing industry	100.00%	0.00%	Establishment
CTI Jianghe Environmental Technology (Shenzhen) Co., Ltd.	CNY million	20	Shenzhen	Shenzhen	Service industry	0.00%	51.00%	Establishment
Inner Mongolia CTI Quality	CNY million	19	Hohhot	Hohhot	Technical testing industry	100.00%	0.00%	Establishment

Inspection Service Co., Ltd.								
Suzhou CTI Engineering Testing Co., Ltd.	CNY million	10	Suzhou	Suzhou	Technical testing industry	100.00%	0.00%	Establishment
Shenzhen CTI Standard Material Research Center Co., Ltd.	CNY million	1	Shenzhen	Shenzhen	Service industry	100.00%	0.00%	Establishment
Fuzhou CTI Pinbiao Testing Co., Ltd.	CNY million	10	Fuzhou	Fuzhou	Technical testing industry	0.00%	100.00%	Establishment
Liaoning CTI Pinbiao Testing and Certification Co., Ltd.	CNY million	30	Shenyang	Shenyang	Technical testing industry	0.00%	100.00%	Establishment
Zhongshan CTI Testing Technology Co., Ltd.	CNY million	10	Zhongshan	Zhongshan	Technical testing industry	0.00%	100.00%	Establishment
Dongguan CTI Testing and Certification Co., Ltd.	CNY million	17	Dongguan	Dongguan	Technical testing industry	100.00%	0.00%	Establishment
Sichuan CTI Jianxin Testing Technology Co., Ltd.	CNY million	5.1	Chengdu	Chengdu	Technical testing industry	80.00%	0.00%	Business combination not under common control
Chengdu CTI Testing Technology Co., Ltd.	CNY million	34	Chengdu	Chengdu	Technical testing industry	0.00%	100.00%	Establishment
Shenyang CTI Testing Technology Co., Ltd.	CNY million	30	Shenyang	Shenyang	Technical testing industry	100.00%	0.00%	Establishment
Shanghai CTI Zhike Materials Technology Co., Ltd.	CNY million	10	Shanghai	Shanghai	Technical testing industry	70.00%	0.00%	Establishment
Pinbiao Environmental Technology Co., Ltd.	CNY million	50	Xi'an	Xi'an	Technical testing industry	0.00%	100.00%	Establishment
Shanxi CTI	CNY		Taiyuan	Taiyuan	Technical	0.00%	100.00%	Establishment

Testing and Certification Co., Ltd.	51.5126 million			testing industry			t
CTI Testing and Certification Group (Shandong) Co., Ltd.	CNY million 50	Qingdao	Qingdao	Technical testing industry	0.00%	100.00%	Establishment
Wuhan Huaxin Physicochemical Testing Technology Co., Ltd.	CNY million 20	Wuhan	Wuhan	Technical testing industry	0.00%	100.00%	Establishment
Hebei CTI Junrui Testing Technology Co., Ltd.	CNY million 10	Shijiazhuang	Shijiazhuang	Technical testing industry	68.00%	0.00%	Business combination not under common control
Henan CTI Quantong Engineering Testing Co., Ltd.	CNY million 10	Zhengzhou	Zhengzhou	Technical testing industry	80.00%	0.00%	Establishment
Zhejiang CTI Yuanjian Testing Co., Ltd.	CNY million 10	Hangzhou	Hangzhou	Technical testing industry	51.00%	0.00%	Business combination not under common control
Zhejiang Huajian Technology Development Co., Ltd.	CNY million 10	Hangzhou	Hangzhou	Technical testing industry	0.00%	51.00%	Business combination not under common control
Chengdu Xijiao CTI Rail Transit Technology Co., Ltd.	CNY million 7	Chengdu	Chengdu	Technical testing industry	60.00%	0.00%	Establishment
Shanghai CTI Pinchuang Medical Testing Co., Ltd.	CNY 374.2526 million	Shanghai	Shanghai	Technical testing industry	85.38%	0.00%	Establishment
CTI Ecological Environment Technology (Tianjin) Co., Ltd.	CNY 29.1633 million	Tianjin	Tianjin	Technical testing industry	0.00%	51.00%	Business combination not under common control
Shenzhen CTI Medical Testing	CNY million 10	Shenzhen	Shenzhen	Service industry	0.00%	85.38%	Establishment

Laboratory								
Centre Testing International Hubei Co., Ltd.	CNY million	20	Wuhan	Wuhan	Technical testing industry	100.00%	0.00%	Establishment
CTI Special Equipment Testing (Beijing) Co., Ltd.	CNY million	10	Beijing	Beijing	Technical testing industry	0.00%	70.00%	Establishment
Mirui (Shanghai) Testing Technology Co., Ltd.	CNY million	5	Shanghai	Shanghai	Technical testing industry	0.00%	100.00%	Establishment
Zhengzhou CTI Aipu Medical Laboratory Co., Ltd.	CNY million	15	Zhengzhou	Zhengzhou	Service industry	0.00%	59.77%	Establishment
Qingdao CTI Medical Testing Laboratory Co., Ltd.	CNY million	5	Qingdao	Qingdao	Service industry	0.00%	85.38%	Establishment
Tianjin CTI Medical Testing Laboratory Co., Ltd.	CNY million	5	Tianjin	Tianjin	Service industry	0.00%	85.38%	Establishment
Suzhou CTI Medical Testing Laboratory Co., Ltd.	CNY million	5	Suzhou	Suzhou	Service industry	0.00%	85.38%	Establishment
Kunming CTI Medical Testing Laboratory Co., Ltd.	CNY million	5	Kunming	Kunming	Service industry	0.00%	85.38%	Establishment
Beijing CTI Medical Testing Laboratory Co., Ltd.	CNY million	20	Beijing	Beijing	Service industry	0.00%	85.38%	Establishment
Shanghai CTI Aiyuan Medical Laboratory Co., Ltd.	CNY million	1	Shanghai	Shanghai	Service industry	0.00%	85.38%	Establishment
Haotu Enterprise Management Consulting	CNY million	1.25	Shanghai	Shanghai	Service industry	60.00%	0.00%	Business combination not under common

(Shanghai) Co., Ltd.							control	
Haotu Technology (Shanghai) Co., Ltd.	CNY million	2	Shanghai	Shanghai	Service industry	0.00%	60.00%	Business combination not under common control
Jiangxi Yingyong CTI Testing Co., Ltd.	CNY million	10	Ganzhou	Ganzhou	Service industry	100.00%	0.00%	Establishment
Tibet CTI Testing Technology Co., Ltd.	CNY million	21	Linzhi	Linzhi	Technical testing industry	0.00%	100.00%	Establishment
CTI Guoruan Technology Services Nanjing Co., Ltd.	CNY million	10	Nanjing	Nanjing	Service industry	51.00%	0.00%	Establishment
CTI Southern Pinbiao Testing (Shenzhen) Co., Ltd.	CNY million	232	Shenzhen	Shenzhen	Service industry	100.00%	0.00%	Establishment
CTI Pindong Testing (Shanghai) Co., Ltd.	CNY million	132	Shanghai	Shanghai	Service industry	100.00%	0.00%	Establishment
CTI Northern Pinbiao Testing (Beijing) Co., Ltd.	CNY million	86.31	Beijing	Beijing	Service industry	100.00%	0.00%	Establishment
CTI Data Certification and Testing (Shenzhen) Co., Ltd.	CNY million	0.3	Shenzhen	Shenzhen	Technical services	0.00%	51.00%	Establishment
Guangzhou CTI Pinjian Biotechnology Co., Ltd.	CNY million	8	Guangzhou	Guangzhou	Service industry	0.00%	68.30%	Establishment
Jilin Anxin Food Technology Services Co., Ltd.	CNY million	2	Changchun	Changchun	Technical testing industry	70.00%	0.00%	Business combination not under common control
CTI (Nantong) Automotive Technology Services Co., Ltd.	CNY million	18.38816	Nantong city	Nantong city	Service industry	100.00%	0.00%	Business combination not under common control
Sichuan CTI	CNY	100	Chengdu	Chengdu	Technical	100.00%	0.00%	Establishment

Testing Technology Co., Ltd.	million			services			t
Shenzhen Huacheng Kangda Investment Partnership (Limited Partnership)	CNY million 5	Shenzhen	Shenzhen	Business services	28.80%	71.20%	Asset acquisition
Guangzhou Vectoring Pharmatech Co., Ltd.	CNY million 5	Guangzhou	Guangzhou	Service industry	0.00%	85.38%	Business combination not under common control
Guangdong Newway Quality Technology Service Co., Ltd.	CNY 20.408286 million	Guangzhou	Guangzhou	Technical services	0.00%	77.49%	Business combination not under common control
Shaanxi Huabang Testing Service Co., Ltd.	CNY 16.56 million	Xi'an	Xi'an	Technical services	0.00%	70.00%	Business combination not under common control
Shaanxi Huabang Environmental Damage Forensic Appraisal Center		Xi'an	Xi'an	Technical appraisal	0.00%	70.00%	Business combination not under common control
CTI VESP Testing Technology Co., Ltd.	CNY 262.58103676 million	Hefei	Hefei	Technical services	100.00%	0.00%	Business combination not under common control
Global Future Investment Limited	NTD200 million	Cayman	Cayman	Technical services	0.00%	100.00%	Business combination not under common control
Huazheng Technology Co., Ltd.	NTD 360 million	Taiwan	Taiwan	Technical services	0.00%	100.00%	Business combination not under common control
Xipai Technology (Nanjing) Co., Ltd.	CNY million 30	Nanjing	Nanjing	Service industry	100.00%	0.00%	Business combination not under common control
CTI VESP Testing	CNY million 100	Shenzhen	Shenzhen	Technical services	0.00%	100.00%	Newly established

Technology (Shenzhen) Co., Ltd.							
CTI VESP Testing Technology (Shanghai) Co., Ltd.	CNY 100 million	Shanghai	Shanghai	Technical services	0.00%	100.00%	Newly established
Centre Testing International Metrology Testing (Jinan) Co., Ltd.	CNY 10 million	Jinan	Jinan	Service industry	0.00%	100.00%	Newly established
Shanghai CTI Zhi'an Outpatient Department Co., Ltd.	CNY 5 million	Shanghai	Shanghai	Service industry	0.00%	61.47%	Newly established
Centre Testing International (Holdings) Pte Ltd.	S\$ 50,000	Singapore	Singapore	Inspection and testing services	100.00%	0.00%	Newly established
Centre Testing International (Japan) Co., Ltd	JPY5 million	Japan	Japan	Inspection and testing services	0.00%	100.00%	Newly established
CTI Fengxue Testing Technology Co., Ltd.	CNY 50 million	Hefei	Hefei	Inspection and testing services	0.00%	51.96%	Business combination not under common control
Hefei CTI Fengxue Enterprise Management Partnership (Limited Partnership)	CNY 0.55 million	Hefei	Hefei	Equity investment	0.00%	96.20%	Newly established

Note: On November 6, 2023, the 12th meeting of the Strategy and M&A Committee of the 6th Board of Directors reviewed and approved the *Proposal on Repurchase of Minority Shareholders' Equity of Shanghai CTI Zhike Materials Technology Co., Ltd.*, in order to further strengthen the control over Shanghai CTI Zhike Material Technology Co., Ltd. (hereinafter referred to as "Shanghai Zhike"), the Company acquired 30% equity of Shanghai Zhike held by Shanghai Shenghui Material Technology Co., Ltd. at the original price of CNY 3 million. Upon completion of the above equity transfer, the Company will hold 100% equity of Shanghai Zhike.

Description on the difference between the proportion of shareholding in subsidiaries and the proportion of voting rights:

On June 13, 2023, the Company's first-tier subsidiary Shanghai Pinchuang Medical acquired 71.43% of Guangdong Newway's equity, at the acquisition price of CNY 20,000,400.00. Among them, the shareholder subscription ratio of Guangdong Newway Quality Technical Services Co., Ltd. is inconsistent with the paid-in ratio. The agreement stipulates that all shareholders should exercise shareholder rights in accordance with the paid-in ratio. The equity acquisition ratio in the above table is the paid-in ratio.

Basis for holding half or less of the voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:

For major structured entities included in the scope of combination, the basis for control is:

Basis for determining whether a company is agent or client:

Other Notes:

(2) Important non-wholly-owned subsidiaries

Unit: CNY

Name of subsidiary	Shareholding ratio of minority shareholders	Profit and loss attributable to minority shareholders in the current period	Dividends declared to minority shareholders in the current period	Balance of minority shareholders' equity at the end of in the current period
IMAT-UVE GMBH	10.00%	562,278.57		4,032,356.41
Shenzhen CTI Laboratory Technology Services Co., Ltd.	33.00%	2,703,472.20	680,625.03	9,462,315.54
CTI Electronic Certification Co., Ltd.	28.74%	6,548,486.02	8,622,000.00	33,582,845.09
Sichuan CTI Jianxin Testing Technology Co., Ltd.	20.00%	304,217.29		5,819,867.56
CTI Ecological Environment Technology (Tianjin) Co., Ltd.	49.00%	611,476.52		23,092,162.33
Haotu Enterprise Management Consulting (Shanghai) Co., Ltd.	40.00%	1,925,243.49	1,600,000.00	8,834,736.69
Shanghai CTI Pinchuang Medical Testing Co., Ltd.	14.62%	2,537,277.64		89,207,767.75
Shaanxi Huabang Testing Service Co., Ltd.	30.00%	1,236,768.33		7,000,075.95

Description on the difference between the shareholding ratio of minority shareholders of subsidiaries and their voting rights ratio:

Other Notes:

(3) Main financial information of major non-wholly-owned subsidiaries

Unit: CNY

Name	Closing balance	Opening balance
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of subsidiary	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
IMAT- UVE GMB H	66,561,476.30	50,976,669.68	117,538,145.98	55,377,859.41	18,765,649.74	74,143,509.15	65,213,338.98	46,305,841.28	111,519,180.26	53,920,576.23	21,355,138.43	75,275,714.66
Shenz hen CTI Labora tory Techn ology Servic es Co., Ltd.	68,119,360.64	389,784.38	68,509,145.02	34,075,291.15	21,252,850.85	34,096,544.00	54,232,417.07	319,077.94	54,551,495.01	29,035,678.17	21,782,950.95	29,057,461.12
CTI Electro nic Certifi cation Co., Ltd.	126,513,384.28	2,242,025.32	128,755,409.60	11,791,539.69	110,824.09	11,902,363.78	133,199,469.68	3,145,010.69	136,344,480.37	12,143,550.16	135,658.58	12,279,208.74
Sichua n CTI Jianxin Testin g Techn ology Co., Ltd.	43,625,891.84	10,393,229.30	54,019,121.14	21,042,472.39	3,836,800.87	24,879,273.26	45,237,352.54	12,801,936.67	58,039,289.21	26,077,454.62	4,383,583.23	30,461,037.85
CTI Ecolog ical Enviro nment Techn ology (Tianji n) Co., Ltd.	58,524,018.04	185,020.14	58,709,038.18	11,580,461.02	1,715,250.25	11,582,176.27	61,919,393.86	201,741.95	62,121,135.81	16,239,735.76	2,449,410.41	16,242,185.17
Haotu Enterp rise Manag ement Consul ting (Shang hai) Co.,	24,947,881.58	9,501,243.00	34,449,124.58	8,765,994.01	3,567,083.77	12,333,077.78	25,212,075.27	10,704,367.86	35,916,443.13	11,023,282.94	3,619,427.20	14,642,710.14

Ltd.													
Shanghai CTI Pinchuang Medical Testing Co., Ltd.	381,414,457.43	436,439,527.06	817,853,984.49	156,404,019.06	42,299,154.91	198,703,173.97	532,082,749.74	320,697,209.79	852,779,959.53	216,304,058.52	35,693,489.69	251,997,548.21	
Shaanxi Huabang Testing Service Co., Ltd.	29,726,903.70	6,530,055.58	36,256,959.28	11,971,312.65	952,060.12	12,923,372.77							

Unit: CNY

Name of subsidiary	Amount incurred in the current period				Amount incurred in the previous period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
IMAT-UVE GMBH	177,034,239.07	5,622,785.83	7,151,171.23	12,879,735.80	141,244,140.74	8,254,134.44	8,624,751.48	30,158,322.74
Shenzhen CTI Laboratory Technology Services Co., Ltd.	80,937,928.21	11,918,567.13	11,918,567.13	567,057.60	75,382,281.15	9,426,414.09	9,426,414.09	9,185,574.24
CTI Electronic Certification Co., Ltd.	63,780,652.51	22,785,267.98	22,785,267.98	20,006,803.55	48,457,052.83	19,464,797.43	19,464,797.43	25,919,965.13
Sichuan CTI Jianxin Testing Technology Co., Ltd.	19,388,539.72	1,521,086.45	1,521,086.45	-172,063.86	25,013,972.17	2,947,521.69	2,947,521.69	7,393,555.58
CTI Ecological Environment Technology (Tianjin) Co., Ltd.	10,963,595.23	1,247,911.27	1,247,911.27	-173,806.69	10,161,626.07	-659,413.38	-659,413.38	909,467.23
Haotu Enterprise	40,484,122.84	4,813,108.72	4,813,108.72	8,774,617.51	45,883,939.61	9,805,676.28	9,805,676.28	8,137,628.70

Management Consulting (Shanghai) Co., Ltd.								
Shanghai CTI Pinchuang Medical Testing Co., Ltd.	332,020,857.59	17,022,039.03	17,022,039.03	23,055,123.95	560,082,662.66	126,626,990.00	126,626,990.00	128,843,327.71
Shaanxi Huabang Testing Service Co., Ltd.	37,929,439.62	4,122,561.09	4,122,561.09	6,056,482.96				

Other Notes:

None.

(4) Significant restrictions on the use of enterprise group assets and repayment of enterprise group liabilities

None.

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

None.

Other Notes:

2. The Company's transactions resulting in the change in subsidiary's owner's equity share while the Company still controls the subsidiary

(1) Description of changes in owner's equity shares of subsidiaries

1. Shenzhen CTI Pest Control Co., Ltd.: The Company signed a "Agreement on Transfer of Partnership Property Share" with the individual partners of Shenzhen Huacheng Kangda Investment Partnership (Limited Partnership) and purchased all the property shares of the 8 partners for CNY 842,500.00, which is 69.68% of the equity of Huacheng Kangda. All payments have been made in January 2023. This transaction is mainly to obtain 33.00% of the shares of Shenzhen CTI Pest Control held by Huacheng Kangda, and does not constitute a business or a business combination. After the transaction, the Company's equity share in Shenzhen CTI Pest Control changed from 67.00% to 90.50%.

In October 2023, the Company purchased the remaining equity of Huacheng Kangda for CNY 367,000. At this point, the Company held 100% of the equity of Huacheng Kangda, and held a total of 100% of the equity of Shenzhen CTI Pest Control.

2. Guangdong Neway Quality Technical Services Co., Ltd.: In July 2023, Shanghai Pinchuang increased its capital to CTI Neway by CNY 12 million. After the capital increase, Shanghai Pinchuang's shareholding ratio in CTI Neway changed from 83.12% to 90.76%.

(2) Impact of the transaction on minority shareholders' equity and owner's equity attributable to the parent company

Unit: CNY

	Shenzhen Huacheng Kangda Investment Partnership (Limited Partnership)	Shenzhen CTI Pest Management Co., Ltd.	Guangdong Neway Quality Technology Service Co., Ltd.
Purchase cost/disposal consideration	367,000.00	0.00	12,000,000.00
--Cash			
--Fair value of non-cash assets			
Total purchase cost/disposal consideration	367,000.00	0.00	12,000,000.00
Less: Share of net assets of subsidiaries calculated in proportion to equity acquired/disposed of	47,154.44	196,860.16	10,921,866.10
Difference	319,845.56	-196,860.16	1,078,133.90
Including: Adjustment of capital reserves	319,845.56	-196,860.16	1,078,133.90
Adjustment of surplus reserves			
Adjustment of undistributed profits			

Other Notes:

None.

3. Equities in joint venture arrangements or associated businesses

(1) Important joint ventures or associated businesses

Name of joint venture or associated businesses	Principal place of business	Registration place	Nature of business	Shareholding ratio		Accounting treatment for investments in joint ventures or associated businesses
				Direct	Indirect	
Zhejiang Fangyuan Electrical Equipment	Jiaxing	Jiaxing	Technical services	13.00%		Accounting by equity method

Testing Co., Ltd.						
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Description of the difference between the proportion of shareholdings in joint ventures or associated businesses and the proportion of voting rights:

None.

Basis for holding less than 20% of the voting rights but having major influence, or holding 20% or more of the voting rights but not having major influence:

(2) Main financial information of major joint ventures

Unit: CNY

Other Notes: None.

(3) Main financial information of major associated businesses

Unit: CNY

	Closing balance/Amount incurred in the current period	Opening balance/Amount incurred in the previous period
	Zhejiang Fangyuan Electrical Equipment Testing Co., Ltd.	Zhejiang Fangyuan Electrical Equipment Testing Co., Ltd.
Current assets	645,317,779.48	454,943,090.97
Non-current assets	554,698,004.97	518,853,668.73
Total assets	1,200,015,784.45	973,796,759.70
Current liabilities	277,863,061.43	259,542,821.23
Non-current liabilities	14,860,000.00	
Total liabilities	292,723,061.43	259,542,821.23
Minority shareholders' interests		
Equity attributable to shareholders of the parent company	907,292,723.02	714,253,938.47
Share of net assets calculated based on shareholding ratio	117,948,053.99	92,853,012.00
Adjustments		
--Goodwill		
--Unrealized profits from internal transactions		
--Other		
Book value of equity investments in associated businesses	160,746,591.98	137,337,232.59
Fair value of equity investments in associated businesses with publicly quoted prices		
Operating income	511,827,765.44	411,719,680.91
Net profit	230,071,995.28	188,430,929.90

Net profit from discontinued operations		
Other comprehensive incomes		
Total comprehensive income	230,071,995.28	188,430,929.90
Dividends received from associated businesses this year	6,500,000.00	3,120,000.00

Other Notes:

None.

(4) Summary financial information of unimportant joint ventures and associated businesses

Unit: CNY

	Closing balance/Amount incurred in in the current period	Opening balance/Amount incurred in the previous period
Joint ventures:		
Total of the following items calculated based on shareholding ratio		
Associated businesses:		
Total book value of investments	175,358,583.19	106,811,167.51
Total of the following items calculated based on shareholding ratio		
--Net profit	48,850,417.20	61,942,923.14
--Total comprehensive income	48,850,417.20	61,942,923.14

Other Notes:

None.

(5) Description of significant restrictions on the ability of joint ventures or associated businesses to transfer funds to the Company

None.

(6) Excess losses incurred by joint ventures or associated businesses

None.

(7) Unrecognized commitments related to investment in joint ventures

None.

(8) Contingent liabilities related to investments in joint ventures or associated businesses

None.

4. Important joint operations

None.

5. Equity in structured entities not included in the scope of consolidated financial statements

Relevant descriptions for structured entities not included in the scope of consolidated financial statements:

None.

6. Others

None.

XI. Government subsidies**1. Government subsidies recognized at the amount receivable at the end of the reporting period** Applicable Not applicable

Reasons for failure to receive the estimated amount of government subsidy at the estimated time

 Applicable Not applicable**2. Liabilities items involving government subsidies** Applicable Not applicable**3. Government subsidies included in current profits and losses** Applicable Not applicable

Unit: CNY

Accounting items	Amount incurred in the current period	Amount incurred in the previous period
Deferred income	15,214,399.92	16,851,220.76
Other incomes	60,010,703.18	60,628,381.27
Non-operating income	20,000.00	
Write-off financial expenses	30,808.21	304,700.00

Other Notes: None.

XII. Risks related to financial instruments

The Company's objective in risk management is to strike a balance between risks and returns, minimize the negative impact of risks on the Company's operating performance, and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the Company's basic risk management strategy is to identify and analyze various risks faced by the Company, establish an appropriate

risk tolerance bottom line and conduct risk management, and supervise various risks in a timely and reliable manner, to control risks within a limited range.

The Company faces various risks related to financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk. The Management has reviewed and approved policies for managing these risks, which mainly include:

1. Various risks arising from financial instruments

(1) Credit risk

Credit risk refers to the risk that one party to a financial instrument fails to perform its obligations and causes financial losses to the other party. The Company mainly faces client credit risks caused by credit sales. Before entering into a new contract, the Company conducts an assessment of the credit risk of new client, including external credit ratings and, in some cases, bank references (when this information is available). The Company sets a credit sales limit for each client, which is the maximum amount that does not require additional approval.

The Company ensures that the Company's overall credit risk is within a controllable range through quarterly monitoring of existing client credit ratings and monthly review of aging analysis of accounts receivable. When monitoring client credit risk, group clients as per their credit characteristics. Clients rated as "high risk" will be placed on the restricted client list, and only with additional approval, can the Company sell to them on credit in the future period, otherwise they must be required to prepay corresponding amount.

As part of the Company's credit risk asset management, the Company uses aging to assess impairment losses on accounts receivable and other receivables. The Company's accounts receivable and other receivables involve a large number of clients, and aging information can reflect the solvency and bad liability risks of these clients for accounts receivable and other receivables.

As of December 31, 2023, the book balance and expected credit impairment losses of related assets are as follows:

Item	Book balance	Provision for impairment
Notes receivable	20,329,202.77	835,870.44
Accounts receivable	1,800,418,935.71	214,559,515.18
Other receivables	70,090,444.10	3,606,236.15
Total	1,890,838,582.58	219,001,621.77

(2) Liquidity risk

Liquidity risk refers to the risk of a shortage of funds when an enterprise fulfills its obligations to settle by delivering cash or other financial assets. The Company's policy is to ensure that sufficient cash is available to meet its liabilities as they fall due. Liquidity risk is centrally controlled by the Company's financial department. The finance department ensures that the Company

has sufficient funds to repay its liabilities under all reasonable forecasts by monitoring cash balances, readily realizable securities, and rolling forecasts of cash flows over the next 12 months.

As of December 31, 2023, the Company's financial liabilities and off-balance sheet guarantee items are listed as follows in terms of undiscounted contractual cash flows based on the remaining term of the contract:

Item	Closing balance				
	Immediate repayment	Within 1 year	1-3 years	Over 3 years	Total
Short-term borrowings		7,604,012.07			7,604,012.07
Notes payable		51,023.62			51,023.62
Accounts payable		883,396,491.10			883,396,491.10
Other payables		179,489,210.71			179,489,210.71
Other current liabilities		2,557,798.16			2,557,798.16
Lease liabilities		112,697,910.59	170,374,177.38	113,208,188.18	396,280,276.15
Long-term borrowings			2,511,516.90	4,782,264.43	7,293,781.33
Total		1,185,796,446.25	172,885,694.28	117,990,452.61	1,476,672,593.14

(3) Market risk

Market risk of financial instruments refers to the risk that the fair value or future cash flow of financial instruments fluctuates due to changes in market prices, including exchange rate risk, interest rate risk and other price risks.

1) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. The interest rate risk faced by the Company mainly comes from bank borrowings. The Company's current policy is that fixed-rate borrowings account for 100% of external borrowings. In order to maintain this ratio, the Company may use interest rate swaps to achieve the expected interest rate structure. Although this policy will not make the Company completely avoid the risk of paying interest rates that exceed prevailing market rates, and not make the Company completely eliminate the cash flow risk associated with fluctuations in interest payments, the Management believes that this policy achieves a reasonable balance between these risks.

2) Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The Company tries its best to match foreign currency income with foreign currency expenditures to reduce exchange rate risk.

3) Other price risks

The Company does not hold equity investments in other listed companies.

2. Hedging

(1) The Company carries out hedging business for risk management

Applicable Not applicable

(2) The Company carries out eligible hedging business and applies hedging accounting

None.

(3) The Company carries out hedging business for risk management and expects to achieve risk management objectives but does not apply hedging accounting

Applicable Not applicable

3. Financial assets

(1) Classification of transfer methods

Applicable Not applicable

(2) Financial assets derecognized due to transfer

Applicable Not applicable

(3) Asset transfer financial assets that continue to be involved

Applicable Not applicable

Other descriptions

XIII. Disclosure of fair value

1. Closing fair value of assets and liabilities measured at fair value

Unit: CNY

Item	Closing fair value			
	Measurement of level 1 fair value	Measurement of level 2 fair value	Measurement of level 3 fair value	Total
I. Ongoing measurement of fair value	--	--	--	--
Bank financial products		377,393,874.49		377,393,874.49
Other non-current financial assets	25,704,981.06		15,612,543.73	41,317,524.79

Total assets measured at fair value on an ongoing basis	25,704,981.06	377,393,874.49	15,612,543.73	418,711,399.28
Total liabilities measured at fair value on an ongoing basis			1,900,000.00	1,900,000.00
II. Non-ongoing fair value measurement	--	--	--	--

2. Basis for determining the market price of ongoing and non-ongoing level-1 fair value measurement items

None.

3. Ongoing and non-ongoing level-2 fair value measurement items, evaluation techniques adopted and qualitative and quantitative information of important parameters

None.

4. Ongoing and non-ongoing third-level fair value measurement projects, evaluation techniques used and qualitative and quantitative information on important parameters

None.

5. Ongoing level-3 fair value measurement items, reconciliation information between the opening and closing book values and sensitivity analysis of unobservable parameters

None.

6. For ongoing fair value measurement items, where there is a conversion between different levels in the current period, the reasons for conversion and the policy for determining the time of conversion

None.

7. Evaluation technology changes occurred during current period and reasons for the changes

None.

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: Receivables, short-term borrowings, payables, long-term receivables and long-term payables.

The difference between the book value and fair value of the above-mentioned financial assets and liabilities not measured at fair value is very small.

9. Others

None.

XIV. Affiliated parties and affiliated transactions

1. Information about the parent company of the Company

Description of the parent company of the Company

The ultimate controlling party of the Company is: Wan Feng

Other Notes:

2. Information about the Company's subsidiaries

For details of the Company's subsidiaries, please refer to Section 10 of the Note. 10.1. Equity in Subsidiaries.

3. Information on joint ventures and associated businesses of the Company

For details of the Company's important joint ventures or associated businesses, please refer to Note Section 10. X.3. Interests in joint venture arrangements or associated businesses.

Information on other joint ventures or associated businesses that have related party transactions with the Company in current period, or on other joint ventures or associated businesses with balances from related party transactions with the Company in the previous periods: None.

Other Notes:

4. Other related parties

Name of other related party	Relationship between other related party and the Company
Wan Feng	The controlling shareholder and chairman of the Company
Qian Feng	Director and executive of the Company
Ricard Shentu	Director and executive of the Company
Liu Zhiquan	Director of the Company
Zeng Fanli	Director of the Company
Cheng Haijin	Director of the Company
Liu Jidi	Director of the Company, resigned on October 16, 2023
Qi Guancheng	Director of the Company, appointed on October 16, 2023
Chen Weiming	Supervisor of the Company
Zhang Yumin	Supervisor of the Company
Du Xuezhi	Supervisor of the Company
Wang Hao	Executive of the Company
Qian Feng	Executive of the Company
Xujiang	Executive of the Company
Zhou Lu	Executive of the Company
Li Fengyong	Executive of the Company
Zeng Xiaohu	Executive of the Company
Jiang Hua	Executive of the Company, appointed on January 13, 2023
Chen Yan	Executive of the Company, resigned on January 13, 2023

Shenzhen Gangliyuan Investment Co., Ltd.	A company controlled by Wan Feng, the chairman of the Company
Beijing Tianrui Junfeng Investment Management Co., Ltd.	A company controlled by Wan Feng or where he works, the chairman of the Company
Shenzhen Qianhai Gangli No. 1 Investment Partnership (Limited Partnership)	A company invested by Wan Feng or where he works, the chairman of the Company
Shenzhen Dafusheng Trading Co., Ltd.	A company invested or taking office by Zeng Fanli, the independent director of the Company
Nanhai Shenghui New Energy (Guangdong) Co., Ltd.	A company invested or taking office by Zeng Fanli, the independent director of the Company
Shenzhen Yuehai Shenghui International Trade Co., Ltd.	A company invested or taking office by Zeng Fanli, the independent director of the Company
Baijiahui (Shenzhen) International Trading Co., Ltd.	A company taking office by Zeng Fanli, the independent director of the Company
Zhongrong Xiaoshan Cultural Development Co., Ltd.	A company invested or taking office by Zeng Fanli, the independent director of the Company
Shanghai Liansheng Technical Service Co., Ltd.	A company invested or taking office by Cheng Haijin, the chairman of the Company
Taolin Professional Design Studio, Qinchuan Street, Changshu	A company invested or taking office by Cheng Haijin, the chairman of the Company
Yantai Yesdo Electronic Materials Co., Ltd.	A company invested by Liu Zhiquan, the independent director of the Company
Yiduo Education Technology (Shanghai) Co., Ltd.	A company where Liu Jiji works for, the director of the Company
Shanghai Yishi Training School Co., Ltd.	A company where Liu Jiji works for, the director of the Company
Shanghai Qishi Education and Training Co., Ltd.	A company where Liu Jiji works for, the director of the Company
Shanghai Pudong Yushi Daycare Co., Ltd.	A company where Liu Jiji works for, the director of the Company
Shenzhen Siji Ganquan Food and Beverage Co., Ltd.	A company where Chen Weiming works for, the supervisor of the Company
Ruiheng Online Investment Co., Ltd.	Companies invested by Qi Guancheng or where he works, the director of the Company

Other Notes:

None.

5. Related transactions**(1) Related transactions related to the purchase and sale of goods, provision and receipt of services**

None.

(2) Related trusteeship/contracting and mandatory administration/outsourcing situation

None.

(3) Related leases

None.

(4) Related guarantees

The Company acts as a guarantor

Unit: CNY

Guaranteed party	Amount guaranteed	Start date of guarantee	Expiry date of guarantee	Has the guarantee been fulfilled?
Sichuan CTI Jianxin Testing Technology Co., Ltd.	200,000.00	August 1, 2022	July 25, 2024	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 VESP Testing Technology Co., Ltd.	7,297,000.00	May 31, 2023	October 27, 2026	No
CTI Engineering Testing Co., Ltd.	537,400.00	August 18, 2023	August 17, 2024	No
CTI Engineering Testing Co., Ltd.	312,500.00	December 27, 2023	December 31, 2024	No
CTI Engineering Testing Co., Ltd.	159,000.00	December 27, 2023	December 31, 2024	No

The Company as the guaranteed party

Unit: CNY

Guarantor	Amount guaranteed	Start date of guarantee	Expiry date of guarantee	Has the guarantee been fulfilled?
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Description of related guarantees

(5) Fund lending from related parties

None.

(6) Asset transfer and liability restructuring of related parties

None.

(7) Remuneration of key management personnel

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Remuneration of key management personnel	18,343,600.00	18,551,500.00

(8) Other related transactions**6. Receivables and payables from related parties****(1) Receivables**

None.

(2) Payables

Unit: CNY

Program name	Related party	Closing book balance	Opening book balance
Other payables	Wan Feng	752,000.00	1,128,000.00
Other payables	Qian Feng	3,792,226.24	3,695,014.71
Other payables	Ricard Shentu	3,944,628.98	3,843,351.71
Other payables	Du Xuezhi	3,522.03	1,273.50
Other payables	Li Fengyong	37,723.00	
Other payables	Chen Yan	3,773,223.29	3,676,518.71

7. Related party commitments**8. Others****XV. Share-based payment****1. Overall situation of share-based payment** Applicable Not applicable

Unit: CNY

Type	of	Granted in the current	Exercised in the current	Unlocked in the current	Expired in the current
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grantee	period		period		period		period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Manager			80,000	725,200.00				
Total			80,000	725,200.00				

Stock options or other equity instruments outstanding at the end of the period

Applicable Not applicable

Other Notes:

2. Equity-settled share-based payments

Applicable Not applicable

Unit: CNY

Method for determining the fair value of equity instruments on the date of grant	Black-Scholes option pricing model
Basis for determining the number of exercisable equity instruments	On each balance sheet date during the waiting period, the best estimate is made based on the latest obtained changes in the number of exercisable equity instruments and other subsequent information, to correct the number of equity instruments expected to be exercisable.
Reasons for significant differences between current period estimates and previous period estimates	None
Cumulative amount of equity-settled share-based payments included in capital reserves	30,105,353.27
Total expenses recognized for equity-settled share-based payments in current period	0.00

Other Notes:

1. On December 17, 2018, the 22nd meeting of the Company's 4th Board of Directors reviewed and approved the *Proposal on Granting Share Options to Incentive Objects*. The Company's Board of Directors believed that the granting conditions of share options stipulated in the Company's 2018 share option incentive plan have been met, and it was agreed to grant 20.65 million share options to 38 incentive objects. The grant date is December 17, 2018, and the exercise price is CNY 6.13/share.

1) On December 25, 2019, the Company held the second meeting of the 5th Board of Directors, which reviewed and approved the *Proposal on the Adjustment of the Exercise Price of the 2018 Share Option Incentive Plan*. In accordance with relevant provisions of the "2018 Share Option Incentive Plan (Draft)", due to the Company's implementation of equity distribution, the Board of Directors agreed to adjust the exercise price to CNY 6.095/share.

2) On May 15, 2020, the Company held the 5th meeting of the 5th Board of Directors, which reviewed and approved the *Proposal on the Adjustment of the Exercise Price of the Share Option Incentive Plan*. In accordance with relevant provisions of the "2018 Share Option Incentive Plan (Draft)", due to the Company's implementation of equity distribution, the Board of Directors agreed to adjust the exercise price to CNY 6.06/share.

3) On May 20, 2021, the Company held the 15th meeting of the 5th Board of Directors, which reviewed and approved the *Proposal on the Adjustment of the Exercise Price of the Share Option Incentive Plan*. In accordance with relevant provisions of the

“2018 Share Option Incentive Plan (Draft)”, due to the Company’s implementation of equity distribution, the Board of Directors agreed to adjust the exercise price to CNY 6.025/share.

4) On May 20, 2022, the Company held the 25th meeting of the 5th Board of Directors, which reviewed and approved the *Proposal on the Adjustment of the Exercise Price of the Share Option Incentive Plan*. In accordance with relevant provisions of the “2018 Share Option Incentive Plan (Draft)”, due to the Company’s implementation of equity distribution, the Board of Directors agreed to adjust the exercise price to CNY 5.965/share.

2. On May 20, 2019, the 27nd meeting of the Company’s 4th Board of Directors reviewed and approved the *Proposal on Granting Share Options to Incentive Persons*. The Company’s Board of Directors believed that the granting conditions of share options stipulated in the Company’s 2019 share option incentive plan have been met, and it was agreed to grant 4.70 million share options to 9 incentive persons. The grant date is May 20, 2019, and the exercise price is CNY 9.23/share.

1) On May 15, 2020, the Company held the 5th meeting of the 5th Board of Directors, which reviewed and approved the *Proposal on the Adjustment of the Exercise Price of the Share Option Incentive Plan*. Due to the Company’s implementation of the equity distribution plan for 2018 and 2019, the Board of Directors agreed to adjust the exercise price to CNY 9.16/share.

2) On May 20, 2021, the Company held the 15th meeting of the 5th Board of Directors, which reviewed and approved the *Proposal on the Adjustment of the Exercise Price of the Share Option Incentive Plan*. In accordance with relevant provisions of the “2018 Share Option Incentive Plan (Draft)”, due to the Company’s implementation of equity distribution, the Board of Directors agreed to adjust the exercise price to CNY 9.125/share.

4) On May 20, 2022, the Company held the 25th meeting of the 5th Board of Directors, which reviewed and approved the *Proposal on the Adjustment of the Exercise Price of the Share Option Incentive Plan*. In accordance with relevant provisions of the “2019 Share Option Incentive Plan (Draft)”, due to the Company’s implementation of equity distribution, the Board of Directors agreed to adjust the exercise price to CNY 9.065/share.

3. Cash-settled share-based payments

Applicable Not applicable

4. Share-based payment expenses for in the current period

Applicable Not applicable

5. Modification and termination of share-based payments

6. Others

XIV. Commitments and contingencies

1. Important commitments

Important commitments existing at the balance sheet date

In accordance with the signed irrevocable main operating lease contract, the total minimum rent payable by the Company in the next five years is CNY 348.17 million.

In addition to the above commitments, as of December 31, 2023, the Company has no other major commitments that should be but have not been disclosed.

2. Contingencies

(1) Important contingencies existing on the balance sheet date

(2) Where the Company has no important contingencies that need to be disclosed, it should also be stated.

The Company has no important contingencies that need to be disclosed.

4、 Other

十七、 Events after the balance sheet date

1、 Important non-adjustment matters

None

2、 Profit distribution

To-be-distributed dividends for every 10 shares (CNY)	
Number of to-be-distributed bonus shares for every 10 shares	
Number of to-be-distributed shares converted from reserves for every 10 shares	
Number of dividends for every 10 shares declared and distributed upon review and approval (yuan)	
Number of bonus shares for every 10 shares declared and distributed upon review and approval	
Number of shares converted from reserves for every 10 shares declared and distributed upon review and approval	
Profit distribution plan	Based on the total share capital that can participate in profit distribution on the equity registration date when the Company implements the profit distribution plan (excluding shares in the special securities account for repurchase), a cash dividend of CNY 1 (tax included) will be distributed to all shareholders for every 10 shares; 0 bonus shares will be given; and 0 shares converted from capital reserve will be given to all shareholders for every 10 shares.

3、 Sales return

4. Description of other events after balance sheet date

1. On February 21, 2024, the Company held the 6th meeting of the Remuneration Assessment and Nomination Committee of the 6th Board of Directors, which reviewed and approved the “2024 Phase-I Employee Stock Holding Plan (Draft) and Abstract of

Centre Testing International Group Co., Ltd.” “Measures for the Management of 2024 First Employee Stock Holding Plan of Centre Testing International Group Co., Ltd.” The Company held the 12th meeting of the 6th Board of Directors and the tenth meeting of the 6th Board of Supervisors on February 21, 2024, and held the first extraordinary general meeting of shareholders of 2024 on March 8, 2024, to review and approve the “2024 Phase-I Employee Stock Holding Plan (Draft) and Abstract of Centre Testing International Group Co., Ltd.” and “Measures for the Management of 2024 Phase-I Employee Stock Holding Plan of Centre Testing International Group Co., Ltd.” The Company launched the phase-I employee share holding plan in 2024, which will be managed by the Company itself after the establishment, and the main investment scope is to purchase and hold the Company’s shares. The participants were the Company’s management and business backbones excluding directors, supervisors and executives, with a total number not more than 400, and the specific number were determined based on the actual contributions of employees. The total amount of funds raised under the employee share holding plan was capped at CNY 30 million, with a duration of 24 months. The lock-in period for the underlying shares purchased under the share holding plan is 12 months. Within 6 months after the approval of the plan by the general meeting of shareholders, shares will be obtained mainly through purchases from secondary market.

2. On March 4, 2024, the 13th meeting of the Company’s 6th Board of Directors reviewed and approved the *Proposal on Subsidiaries’ Application for Comprehensive Credit Lines from Commercial Banks*. The meeting agreed that the Company’s wholly-owned subsidiary Taiwan CTI Testing Technology Co., Ltd. (hereinafter referred to as “Taiwan CTI”) to apply for a credit line of NTD35 million from the Shanghai Commercial and Savings Bank of Taiwan, with a term of credit of 5 years. The final credit line and term of credit should be subject to actual approval.

3. On April 1, 2024, the 14th meeting of the Company’s 6th Board of Directors reviewed and approved the *Proposal on the Use of Idle Own Funds for Entrusted Financial Management*. The meeting agreed that the Company and its subsidiaries may, without prejudicing the normal operations of the Company and the subsidiary, use temporarily idle own funds with a line not exceeding CNY 1 billion for entrusted financial management. The above credit line may be used on a rolling basis within 12 months from the date of review and approval by the Board of Directors.

XVIII. Other important matters

1、Correction of accounting errors in the previous period

None.

2. Liability restructuring

3. Assets replacement

(1) Non-monetary assets exchange

(2) Other assets replacement

4. Annuity plan

5. Termination of operations

None.

6. Segmental information

(1) Determination basis and accounting policies of reporting segments

The Company determines its operating segments based on its internal organizational structure, management requirements, and internal reporting system. The Company's operating segments refer to components that meet the following conditions at the same time:

(1) This component is able to generate incomes and incur expenses in daily activities;

(2) The management is able to regularly evaluate the operating results of the component to decide to allocate resources to it and evaluate its performance;

(3) The Company is able to obtain relevant accounting information such as the financial situation, operating results and cash flow of the component.

The Company determines reporting segments based on operating segments, and operating components that meet any of the following conditions are determined as a reporting segment:

(1) The segment income of this operating segment accounts for 10% or more of the total income of all segments;

(2) The absolute amount of segment profits (losses) of the segment accounts for 10% or more of the absolute amount of the total profits of all profitable segments, or the absolute amount of the total losses of all loss-making segments, whichever is greater.

The Company's business is relatively monotonous, mainly providing testing services to clients. The management divides the overall business into five major sectors for management: trade assurance, consumer

product testing, industrial testing, life sciences, medicine and medical services. Since a 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 based on the above sectors. Therefore the Company does not disclose segment information.

1. Financial information of reporting segments

(1) External income by product

Product sector	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Life science	2,497,268,179.56	1,301,123,954.38	2,296,988,393.01	1,168,602,329.43
Industrial testing	1,091,422,743.17	615,951,081.58	904,067,581.56	537,177,365.63
Consumer goods testing	979,424,453.58	540,959,597.97	716,375,085.22	368,279,559.48
Trade assurance	699,615,420.45	247,820,804.57	662,323,081.52	226,163,567.71
Pharma and clinical services	336,893,729.07	205,431,422.73	550,955,926.35	296,251,726.61
Total	5,604,624,525.83	2,911,286,861.23	5,130,710,067.66	2,596,474,548.86

(2) External income by region

Region	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
China	5,260,049,516.85	2,697,209,281.99	4,844,012,146.17	2,430,368,022.85
Outside China	344,575,008.98	214,077,579.24	286,697,921.49	166,106,526.01
Total	5,604,624,525.83	2,911,286,861.23	5,130,710,067.66	2,596,474,548.86

(2) Financial information of reporting segments

(3) Where the Company has no reportable segments, or fails to disclose the total assets and total liabilities of each reporting segment, the reasons should be explained

(4) Other descriptions

7. Other important transactions and matters that have an impact on investors' decision-making

8. Others

XIX. Notes on major items of the parent company's financial statements

1. Accounts receivable

(1) Disclosure by aging

Unit: CNY

Aging	Closing book balance	Opening book balance
Within 1 year (inclusive)	398,940,570.53	300,001,006.54

1 to 2 years	19,272,438.03	19,460,709.83
2 to 3 years	7,520,841.35	1,895,713.78
Over 3 years	732,693.61	264,967.84
3 to 4 years	592,395.17	113,420.44
4 to 5 years	90,298.44	103,497.20
Over 5 years	50,000.00	48,050.20
Total	426,466,543.52	321,622,397.99

(2) Disclosure by bad liability provision method

Unit: CNY

Classification	Closing balance					Opening balance				
	Book balance		Provision for bad liabilities		Book value	Book balance		Provision for bad liabilities		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Individually assessed bad liability provision for accounts receivable	3,759,705.35	0.88%	3,759,705.35	100.00%		3,712,945.75	1.15%	3,712,945.75	100.00%	
Including:										
Bad liability provision for accounts receivable on a portfolio provision basis	422,706,838.17	99.12%	20,057,968.25	4.75%	402,648,869.92	317,909,452.24	98.85%	16,298,875.32	5.13%	301,610,576.92
Including:										
Related party combinations within the scope of consolidation	157,845,112.51	37.01%			157,845,112.51	102,146,342.57	31.76%			102,146,342.57
Aging	264,861,	62.11%	20,057,9	7.57%	244,803,	215,763,	67.09%	16,298,8	7.55%	199,464,

portfolio	725.66		68.25		757.41	109.67		75.32		234.35
Total	426,466, 543.52	100.00%	23,817,6 73.60	5.58%	402,648, 869.92	321,622, 397.99	100.00%	20,011,8 21.07	6.22%	301,610, 576.92

Provision for doubtful accounts on an individual basis: 3,759,705.35

Unit: CNY

Name	Opening balance		Closing balance			
	Book balance	Provision for bad liabilities	Book balance	Provision for bad liabilities	Proportion	Individually assessed bad liability provision:
Accounts receivable for expected credit losses on an individual provision basis	3,712,945.75	3,712,945.75	3,759,705.35	3,759,705.35	100.00%	Expected to be uncollectible
Total	3,712,945.75	3,712,945.75	3,759,705.35	3,759,705.35		

Bad liability provision on a portfolio provision basis: 20,057,968.25

Unit: CNY

Name	Closing balance		
	Book balance	Provision for bad liabilities	Proportion
Related party combinations within the scope of consolidation	157,845,112.51		
Aging portfolio	264,861,725.66	20,057,968.25	7.57%
Total	422,706,838.17	20,057,968.25	

Explanation for basis of group determination:

None.

If bad liability provisions for accounts receivable are calculated using the general expected credit loss model:

Applicable Not applicable

(3) Bad liability provisions in the current period

Bad liability provisions for the current period:

Unit: CNY

Classification	Opening balance	Change in current period				Closing balance
		Provision	Recovered or reversed	Written off	Other	
Provision for doubtful accounts on an individual basis	3,712,945.75	53,046.60	0.00	6,287.00		3,759,705.35
Bad liability provision on a portfolio provision basis	16,298,875.32	4,300,753.59	0.00	541,660.66		20,057,968.25
Total	20,011,821.07	4,353,800.19	0.00	547,947.66		23,817,673.60

Significant amount of bad liability provisions recovered or reversed in the current period:

Unit: CNY

Organization name	Amount recovered or reversed	Reason for reverse	Recovery method	The basis for determining the original provision ratio for bad liabilities and its rationality

(4) Actual write-offs of accounts receivable in the current period

Unit: CNY

Item	Write-off amounts
Accounts receivable actually written off	547,947.66

Significant write-offs of accounts receivable include:

Unit: CNY

Organization name	Nature of accounts receivable	Write-off amounts	Reason for write-off	Write-off procedures performed	Whether the payment is generated by related transactions

Descriptions for writing off accounts receivable:

(5) Top 5 accounts receivable and contract assets by debtor at the end of the period

Unit: CNY

Organization name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion of total ending balance of accounts receivable and contract assets	Ending balance of accounts receivable bad liability provisions and contract asset impairment provisions
CTI Holding (Hong Kong) Co., Ltd.	66,977,966.87		66,977,966.87	14.77%	
CTI U.S. INC.	49,002,795.66		49,002,795.66	10.81%	
Dongguan CTI Testing and Certification Co., Ltd.	21,872,924.30		21,872,924.30	4.82%	
HiSilicon Technologies Co., Ltd.	18,159,101.17		18,159,101.17	4.00%	18,387.22
Shangqiu Municipal Ecological Environment Bureau	9,450,000.00		9,450,000.00	2.08%	472,500.00
Total	165,462,788.00		165,462,788.00	36.48%	490,887.22

2. Other receivables

Unit: CNY

Item	Closing balance	Opening balance
Interest receivable	0.00	0.00
Dividends receivable	256,468,721.25	101,727,225.88
Other receivables	499,811,577.72	310,932,698.79
Total	756,280,298.97	412,659,924.67

(1) Interest receivable

None.

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

Unit: CNY

Program (or investee)	Closing balance	Opening balance
Shenzhen CTI Testing Co., Ltd.	92,508,721.25	34,727,225.88
Suzhou CTI Testing Technology Co., Ltd.	15,960,000.00	
CTI Southern Pinbiao Testing (Shenzhen) Co., Ltd.	91,000,000.00	44,500,000.00
CTI Pindong Testing (Shanghai) Co., Ltd.	39,500,000.00	15,000,000.00
CTI Northern Pinbiao Testing (Beijing) Co., Ltd.	17,500,000.00	7,500,000.00
Total	256,468,721.25	101,727,225.88

2) Important dividends receivable aged more than 1 year

None.

3) Disclosure by bad liability provision method
 Applicable Not applicable

4) Bad liability provisions accrued, recovered or reversed in current period

None.

5) Dividends receivable actually written off in current period

None.

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

Unit: CNY

Item nature	Closing book balance	Opening book balance
Deposits and guarantees	10,864,796.37	10,744,896.22
Temporary payments receivable	489,630,542.87	300,594,606.84
Other	7,577.80	368,711.49
Total	500,502,917.04	311,708,214.55

2) Disclosure by aging

Unit: CNY

Aging	Closing book balance	Opening book balance
Within 1 year (inclusive)	493,094,088.39	304,391,372.92
1 to 2 years	1,460,577.32	2,221,566.08
2 to 3 years	1,538,475.78	3,074,338.95
Over 3 years	4,409,775.55	2,020,936.60
3 to 4 years	2,554,738.95	89,700.00
4 to 5 years	79,800.00	393,512.00
Over 5 years	1,775,236.60	1,537,724.60
Total	500,502,917.04	311,708,214.55

3) Disclosure by bad liability provision method

Unit: CNY

Classification	Closing balance					Opening balance				
	Book balance		Provision for bad liabilities		Book value	Book balance		Provision for bad liabilities		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Including:										
Bad liability provision on a portfolio	500,502,917.04	100.00%	691,339.32	0.14%	499,811,577.72	311,708,214.55	100.00%	775,515.76	0.25%	310,932,698.79

provision basis										
Including:										
Group-wide transactions and security deposits portfolio	499,330,763.58	99.77%	621,391.58	0.12%	498,709,372.00	310,371,539.37	99.57%	698,191.58	0.22%	309,673,347.79
Aging portfolio	1,172,153.46	0.23%	69,947.74	5.97%	1,102,205.72	1,336,675.18	0.43%	77,324.18	5.78%	1,259,351.00
Total	500,502,917.04	100.00%	691,339.32	0.14%	499,811,577.72	311,708,214.55	100.00%	775,515.76	0.25%	310,932,698.79

Bad liability provision on a portfolio provision basis: 691,339.32

Unit: CNY

Name	Closing balance		
	Book balance	Provision for bad liabilities	Proportion
Group-wide transactions and security deposits portfolio	499,330,763.58	621,391.58	0.12%
Aging portfolio	1,172,153.46	69,947.74	5.97%
Total	500,502,917.04	691,339.32	

Explanation for basis of group determination:

None.

Provision for bad liabilities recorded according to the expected credit loss general model:

Unit: CNY

Provision for bad liabilities	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses for the next 12 months	Expected credit losses over the entire existence (unrealized credit impairment)	Expected credit losses over the entire existence (realized credit impairment)	
Balance on January 1, 2023	775,515.76			775,515.76
Balance on January 1, 2023 in the current period				
Reversal in the current period	84,176.44			84,176.44
Balance on December 31, 2023	691,339.32			691,339.32

Basis for each stage division and provision ratios for bad liability allowance

None.

Significant changes in book balances with major variations in provision for losses in the current period

Applicable Not applicable

4) Bad liability provisions in the current period

Bad liability provisions for the current period:

Unit: CNY

Classification	Opening balance	Change in current period				Closing balance
		Provision	Recovered or reversed	Write-off or cancellation	Other	
Other receivables for expected credit losses on a portfolio provision basis	775,515.76		84,176.44			691,339.32
Total	775,515.76		84,176.44			691,339.32

Significant amount of bad liability provisions reversed or recovered in the current period: None.

5) Actual write-offs of other accounts receivable in the current period

None.

6) Top 5 other accounts receivable by debtor at the end of the period

Unit: CNY

Organization name	Item nature	Closing balance	Aging	Proportion of total ending balance of other accounts receivable	Ending balance of provision for bad liabilities
CTI Testing and Certification Group (Shandong) Co., Ltd.	Temporary payments receivable	177,054,943.68	Within 1 year	35.38%	
Tianjin CTI Certification Co., Ltd.	Temporary payments receivable	128,339,226.36	Within 1 year	25.64%	
Wuhan CTI Testing Technology Co., Ltd.	Temporary payments receivable	91,318,933.63	Within 1 year	18.25%	
Guangzhou CTI Testing and Certification Technology Co., Ltd.	Temporary payments receivable	73,978,379.16	Within 1 year	14.78%	
Xipai Technology (Nanjing) Co., Ltd.	Temporary payments receivable	3,000,000.00	Within 1 year	0.60%	
Total		473,691,482.83		94.65%	

7) Other receivables presented due to centralized management of funds

None.

3. Long-term equity investments

Unit: CNY

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	3,100,620,258.72	147,018,373.06	2,953,601,885.66	2,846,360,758.06	147,018,373.06	2,699,342,385.00
Investment in associated businesses and joint ventures	334,758,706.15		334,758,706.15	242,322,460.19		242,322,460.19
Total	3,435,378,964.87	147,018,373.06	3,288,360,591.81	3,088,683,218.25	147,018,373.06	2,941,664,845.19

(1) Investment in subsidiaries

Unit: CNY

Investee	Opening balance (book value)	Opening balance of impairment provisions	Change in the current period				Closing balance (book value)	Ending balance of impairment provisions
			Increased investments	Reduced investments	Provision for impairment	Other		
Shenzhen CTI Testing Co., Ltd.	20,942,247.47						20,942,247.47	
Centre Testing International Beijing Co., Ltd.	50,000,000.00						50,000,000.00	
CTI Holding (Hong Kong) Co., Ltd.	259,722,751.14						259,722,751.14	
Suzhou CTI Testing Technology Co., Ltd.	190,000,000.00						190,000,000.00	
Qingdao CTI Testing Technology	6,000,000.00						6,000,000.00	

y Co., Ltd.								
Shanghai CTI Pinbiao Testing Technolog y Co., Ltd.	24,304,111. 00						24,304,111. 00	
Shenzhen CTI Commodit y Inspection Co., Ltd.	4,186,136.8 0						4,186,136.8 0	
Guangdong CTI Forensic Identificati on Center	500,000.00						500,000.00	
Shenzhen CTI Training Center	2,002,600.3 0						2,002,600.3 0	
Wuhan CTI Testing Technolog y Co., Ltd.	20,000,000. 00						20,000,000. 00	
Shenzhen CTI Standard Material Research Institute	200,000.00						200,000.00	
Shenzhen CTI Private Equity Fund Manageme nt Co., Ltd.	20,000,000. 00						20,000,000. 00	
Shenzhen CTI Informatio n Technolog y Co., Ltd.	10,800,000. 00						10,800,000. 00	
Heilongjian g CTI Testing Technolog y Co., Ltd.	40,000,000. 00			40,000,000. 00				
Hangzhou Hua'an Testing Technolog y Co., Ltd.	87,155,300. 00	142,054,70 0.00					87,155,300. 00	142,054,70 0.00
Shanghai	377,000,00						377,000,00	

CTI Pinzheng Testing Technology Co., Ltd.	0.00						0.00	
Tianjin CTI Certification Co., Ltd.	112,797,960.00						112,797,960.00	
CTI Engineering Testing Co., Ltd.	41,921,200.00						41,921,200.00	
Ningbo Weizhi Testing Technology Services Co., Ltd.	43,867,526.63						43,867,526.63	
Shenzhen CTI Pest Management Co., Ltd.	2,010,000.00						2,010,000.00	
Shenzhen CTI Laboratory Technology Services Co., Ltd.	6,700,000.00						6,700,000.00	
CTI Electronic Certification Co., Ltd.	71,000,000.00						71,000,000.00	
Fujian Shangwei Testing Co., Ltd.	6,766,326.94	4,963,673.06					6,766,326.94	4,963,673.06
Sichuan CTI Jianxin Testing Technology Co., Ltd.	14,940,000.00						14,940,000.00	
Shenyang CTI Testing Technology Co., Ltd.	18,500,000.00						18,500,000.00	
Ningguo CTI Testing Technology Co., Ltd.	3,580,000.00						3,580,000.00	
Guangzhou CTI Testing and Certification	164,283,670.11						164,283,670.11	

n Technology Co., Ltd.								
Inner Mongolia CTI Quality Inspection Service Co., Ltd.	19,000,000.00						19,000,000.00	
Suzhou CTI Engineering Testing Co., Ltd.	7,500,000.00						7,500,000.00	
Shenzhen CTI Standard Material Research Center Co., Ltd.	1,000,000.00						1,000,000.00	
Liaoning CTI Pinbiao Testing and Certification Co., Ltd.	24,500,000.00			24,500,000.00				
Dongguan CTI Testing and Certification Co., Ltd.	17,000,000.00						17,000,000.00	
CTI Testing and Certification Group (Shandong) Co., Ltd.	50,000,000.00			50,000,000.00				
Shanghai CTI Zhike Materials Technology Co., Ltd.	7,000,000.00						7,000,000.00	
Hebei CTI Junrui Testing Technology Co., Ltd.	3,379,700.00						3,379,700.00	
Henan CTI Quantong Engineering Testing Co., Ltd.	8,000,000.00						8,000,000.00	
Zhejiang	9,614,800.0						9,614,800.0	

CTI Yuanjian Testing Co., Ltd.	0						0	
Chengdu Xijiao CTI Rail Transit Technology Co., Ltd.	4,200,000.00						4,200,000.00	
Shanghai CTI Pinchuang Medical Testing Co., Ltd.	319,546,000.00						319,546,000.00	
Centre Testing International Hubei Co., Ltd.	18,000,000.00						18,000,000.00	
CTI Ecological Environment Technology (Tianjin) Co., Ltd.	34,960,000.00			34,960,000.00				
Haotu Enterprise Management Consulting (Shanghai) Co., Ltd.	21,545,194.61						21,545,194.61	
Jiangxi Yingyong CTI Testing Co., Ltd.	4,990,000.00						4,990,000.00	
CTI Guoruan Technology Services Nanjing Co., Ltd.	1,170,000.00						1,170,000.00	
CTI Southern Pinbiao Testing (Shenzhen) Co., Ltd.	232,000,000.00						232,000,000.00	
CTI Pindong Testing (Shanghai)	132,000,000.00						132,000,000.00	

Co., Ltd.								
CTI Northern Pinbiao Testing (Beijing) Co., Ltd.	127,822,600.00		140,750,000.00				268,572,600.00	
Jilin Anxin Food Technology Services Co., Ltd.	7,134,260.00						7,134,260.00	
CTI (Nantong) Automotive Technology Services Co., Ltd.	36,900,000.00						36,900,000.00	
Sichuan CTI Testing Technology Co., Ltd.	10,000,000.00						10,000,000.00	
CTI VESP Testing Technology Co., Ltd.			256,570,034.74				256,570,034.74	
Xipai Technology (Nanjing) Co., Ltd.			9,299,465.92				9,299,465.92	
Shanghai CTI Aiyuan Biotechnology Co., Ltd.	2,900,000.00		3,421,726.00	6,321,726.00				
Total	2,699,342,385.00	147,018,373.06	410,041,226.66	155,781,726.00			2,953,601,885.66	147,018,373.06

(2) Investment in associated businesses and joint ventures

Unit: CNY

Investee	Opening balance (book value)	Opening balance of impairment provisions	Change in the current period							Closing balance (book value)	Ending balance of impairment provisions
			Increased investments	Reduced investments	Equity method recognized	Adjustment for other compr	Other changes in equity	Declaration of cash dividends or	Provision for impairment		

		ons			invest ment profit or loss	ehensi ve incom e		profits				
I. Joint venture												
II. Jointly controlled entities												
Xi'an Dongy i Compr ehensi ve Techn ology Labora tory Co., Ltd.	12,070 ,042.4 5				22,338 .70			2,640, 000.00			9,452, 381.15	
Liangd uan (Shang hai) Testin g Techn ology Co., Ltd.	187,00 9.26			187,00 9.26								
Beijin g Guoxi n Tianyu an Qualit y Evalua tion Certifi cation Co., Ltd.	14,644 ,371.6 5				694,76 5.96						15,339 ,137.6 1	
Shang hai Fushen lan Softwa re Co., Ltd.	76,970 ,580.2 7				681,91 5.18						77,652 ,495.4 5	
Beijin g Zhuos hi Netwo rk			61,379 ,910.0 6		8,604, 255.20						69,984 ,165.2 6	

Security Technology Co., Ltd.												
Zhejiang Fangyuan Electrical Equipment Testing Co., Ltd.	137,337,232.59				29,909,359.39			6,500,000.00			160,746,591.98	
Nanjing CTI Pharmaceutical Technology Service Co., Ltd.	1,113,223.97				-2,581.93						1,110,642.04	
Shenzhen Huacheng Kangda Investment Partnership (Limited Partnership)			367,000.00		106,292.66						473,292.66	
Subtotal	242,322,460.19		61,746,910.06	187,009.26	40,016,345.16			9,140,000.00			334,758,706.15	
Total	242,322,460.19		61,746,910.06	187,009.26	40,016,345.16			9,140,000.00			334,758,706.15	

The recoverable amount is determined by subtracting disposal costs from fair value

Applicable Not applicable

The recoverable amount is determined by the present value of expected future cash flows

Applicable Not applicable

Reasons for the significant differences between the above information and the information or external factors used in impairment testing in the previous year

Reasons for the significant differences between the information or assumptions used in impairment testing in the previous year and the actual circumstances in the current year

(3) Other descriptions

4. Operating income and operating cost

Unit: CNY

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Main business	1,246,973,442.96	632,142,999.62	1,215,540,058.11	575,634,288.41
Other business	15,321,394.07	1,543,379.91	11,689,045.18	1,744,765.36
Total	1,262,294,837.03	633,686,379.53	1,227,229,103.29	577,379,053.77

Breakdown information of operating income and operating cost: None.

5. Investment income

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment incomes calculated using the cost method	476,388,000.00	263,126,000.00
Long-term equity investment incomes calculated using the equity method	40,016,345.16	32,794,061.43
Investment income from disposal of long-term equity investments	-6,384,055.43	
Financial management incomes	8,970,806.41	10,679,419.71
Investment income obtained during the holding period of other non-current financial assets	1,073,000.00	
Investment income from disposal of other non-current financial assets	21,289,074.54	
Total	541,353,170.68	306,599,481.14

6. Others

None.

XX. Supplementary information

1. Statement of non-recurring profits and losses in the current period

Applicable Not applicable

Unit: CNY

Item	Amount	Description
Profits and losses on disposal of non-	-2,424,535.41	Profit and loss from disposal of fixed assets and investment incomes from

current assets		disposal of long-term equity investments, etc.
Governmental subsidies included in the current profit and loss (excluding governmental subsidies that are closely related to the Company's normal business operations, comply with national policies and regulations, are enjoyed in accordance with determined standards, and have a lasting impact on the Company's profit and loss)	92,972,326.72	Government subsidies.
In addition to the effective hedging business related to the normal operation of the Company, the profit or loss of fair value changes from holding of financial assets and financial liabilities by non-financial enterprises and the profit or loss from disposal of financial assets and financial liabilities	37,289,526.75	Profit from holding and disposal of other non-current financial assets.
Profit and loss from entrusting others to invest or manage assets	9,013,472.23	Incomes from financial products.
Reversal of impairment provision for accounts receivable that has been individually tested for impairment	613,961.57	
Other non-operating incomes and expenditures other than the above	7,975,277.91	
Less: Affected income tax amount	16,276,339.25	
Affected minority shareholders' interest amount (after-tax)	2,689,453.79	
Total	126,474,236.73	--

Specific conditions of other profit and loss items meeting the definition of non-recurring profit and loss:

Applicable Not applicable

The Company does not have any other specific conditions of profit and loss items meeting the definition of non-recurring profit and loss.

Description of the definition of non-recurring profit and loss items listed in the *Explanatory Announcement No. 1 on Information Disclosure of Publicly Issued Securities Companies - Non-recurring Profit and Loss* as recurring profit and loss items

Applicable Not applicable

2. Return on equity and earnings per share

Profit during the reporting period	ROE	Earnings per share	
		Basic earnings per share (CNY/share)	Diluted earnings per share (CNY/share)
Net profits attributable to the Company's common shareholders	15.55%	0.5474	0.5474
Net profits attributable to the Company's common shareholders after deducting	13.39%	0.4715	0.4715

non-recurring profits and losses			
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3. Differences in accounting data under accounting standards in China and outside China

(1) Differences in net profits and net assets in financial reports disclosed in accordance with both international and Chinese accounting standards

Applicable Not applicable

(2) Differences in net profits and net assets in financial reports disclosed in accordance with both accounting standards in China and outside China

Applicable Not applicable

(3) Description of reasons for differences in accounting data under accounting standards in China and outside China; where differences are adjusted for data audited by an overseas auditing institution, the name of the institution outside China should be indicated.

Applicable Not applicable

4. Others